80 South Jefferson Road
Whippany, NJ 07981

Richard A. Askoff
Executive Director –
Regulatory & Government Relations

raskoff@neca.org
973 884-8350
fax 973 884-8008

September 29, 2004

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, N.W.
TW-A325
Washington, D.C. 20554

RE: NECA 2005 Modification of Average Schedule Universal Service Formulas
CC Docket No. 96-45

Dear Ms. Dortch:

Attached is NECA's 2005 Modification of Average Schedule Universal Service Formulas. This filing contains proposed modifications to formulas used to calculate interstate universal service fund expense adjustments and local switching support for average schedule companies. Consistent with the annual schedule for universal service support established under Parts 36 and 54 of the Commission's rules, these average schedule modifications are scheduled to take effect on January 1, 2005 and remain in effect through December 31, 2005.

In accordance with the Commission's rules, this *2005 Modification of Average Schedules* has been filed electronically in the above-referenced docket.

Sincerely,

/s/ Richard A. Askoff

Attachment:
2005 Modification of Average Schedule Universal Service Formulas

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

2005

NECA MODIFICATION OF AVERAGE SCHEDULE UNIVERSAL SERVICE FORMULAS

October 1, 2004

NECA
80 South Jefferson Road
Whippany, NJ 07981

NECA MODIFICATION OF
AVERAGE SCHEDULE UNIVERSAL SERVICE FORMULAS
EFFECTIVE JANUARY 1, 2005

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I. INTRODUCTION AND SUMMARY

A. Introduction

In this filing, The National Exchange Carrier Association, Inc. (NECA) proposes modifications to average schedule formulas used to calculate interstate local switching support (LSS) and high cost loop (HCL) expense adjustments for average schedule companies. These formulas and associated cost per loop values are intended to govern LSS and HCL payments in the 2005 calendar year.

This filing includes two sections that explain in detail the proposed formula modifications. Section II describes the methods and results of NECA's studies to update the current average schedule LSS formula. Section III describes the methods and results of NECA's studies to update its proposed average schedule Universal Service Fund (USF) HCL expense adjustment formula. This section also updates the USF HCL Cost per Loop formula that the Commission directed NECA to use for payments in 2004.

B. Background

Section 69.606 of the Commission's rules requires NECA to submit proposed average schedule formula revisions to the Commission for approval. The rule requires that the proposed formulas be "designed to produce disbursements to an average schedule company that simulate the disbursements that would be received [by a cost company] that is representative of average

schedule companies."[1] The Commission has found that, under the "payment simulation" language of section 69.606(a), the average schedule formulas should produce payments to average schedule companies that are roughly equivalent to what companies would receive if they were to conduct cost studies.[2]

The average schedule development process relies heavily on statistical analysis of available data to estimate interstate costs of average schedule companies. In this regard, NECA has available to it total company accounting data obtained from a representative sample of average schedule companies. These data show the costs incurred by sample average schedule companies in the provision of telephone service within their respective study areas. These data do not distinguish, however, between functional categories of cost, nor between costs incurred in providing interstate and intrastate services, nor do they explain how costs would be divided between various interstate or intrastate service categories (*e.g.*, local service, intrastate toll, interstate access) or between various rate elements (e.g., common line, local switching, local transport, etc.).

Cost companies determine these allocations by performing the jurisdictional cost separations and access element allocations prescribed under the Commission's Part 64, 36 and 69 rules. As

[1] 47 C.F.R. § 69.606(a).

[2] *See* National Exchange Carrier Association, Inc. Proposed Modification to the 1998-99 Interstate Average Schedule Formulas, *Order*, 13 FCC Rcd 17351 (1998) at ¶ 2; *see also*, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, National Exchange Carrier Association, Inc. Proposed 2002 Modification of Average Schedule Formulas, *Order*, 17 FCC Rcd 14236 (2002) (*July 30 Order*), *recon. pending.*

administrator of the interstate access charge pools, NECA has available to it the unseparated and separated cost data from cost companies that participate in the pools. NECA also has data on various demand quantities (e.g., numbers of lines served, number of minutes of use, number of circuit miles) provided by both cost and average schedule companies.

Since the mid 1980's, NECA has utilized these data to prepare mathematical formulas that "simulate" the results of cost studies for average schedule companies, in conformance with section 69.606 of the Commission's rules. NECA has accomplished this goal for its average schedule "access" formulas[3] by examining the way that representative cost companies allocate total company unseparated costs among the various Part 69 access charge categories, and deriving sets of "allocation factor models" that describe these relationships.

Similar methods are used to develop NECA's LSS and HCL formulas. There are, however, significant differences in the Commission's rules relating to LSS and HCL that necessitate somewhat different approaches to the formula development process. These differences are described below.

[3] "Access" formulas are those designed to calculate settlements for the various access charge rate elements specified in Part 69 of the Commission's rules (e.g., common line, local switching, local transport, etc.) and do not include the LSS and USF formulas. Under section 69.606(b) of the Commission's rules, NECA files proposed modifications to its access charge formulas, or certifies that no revisions are necessary, by December 31 of each year.

C. Local Switching Support Formula

The Commission's jurisdictional separations rules have recognized that small telephone companies tend to incur disproportionately high local switching costs.[4] Local Switching Support, a component of the Commission's federal universal service program, is intended to provide additional support to these telephone companies.

LSS amounts for cost companies are a function of the fraction of local switching costs allocated to the interstate jurisdiction in excess of relative interstate usage. These amounts are then recovered from a fund administered by the Universal Service Administrative Company (USAC) rather than through access rates.[5]

NECA's LSS formula simulates this process by determining how much of the local switching portion of average schedule central office payments (as determined by the Central Office Formula) are attributable to LSS. As such, the LSS formula does not affect average schedule local switching payments, but is only used to determine the portion of local switching revenue requirements to be recovered through the LSS mechanism. The remainder of local switching revenue requirements continues to be recovered through access charges.[6]

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[4] 47 C F.R. § 36.125

[5] *See* Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Report and Order,* 12 FCC Rcd 8776 at ¶ 304 (1997).

[6] In 2002 the Line Port component of local switching revenue requirement was reassigned to the Common line category, and is recovered through Common line related charges, as accommodated by NECA's Average Schedule Line Port Factor formula. See 2003 NECA Modification of Average Schedules, page VII-52.

To administer this process, NECA files with the Commission on October 1 of each year a proposed LSS formula and the estimated LSS amounts for the coming year for every average schedule local exchange carrier. Later when data for that year becomes known, exchange carriers true up demand data on which the LSS estimates are based. The actual LSS amounts using the LSS formula approved by the Commission are then recalculated.

LSS amounts are recovered from contributions to the support funds made by all telecommunications carriers. USAC collects these contributions, and distributes support to exchange carriers in accordance with data provided by NECA.[7] NECA's tariff rates exclude these support amounts, and provide for recovery of the net of local switching costs less the support payments.

D. USF Expense Adjustment Formula

Section III describes the procedure for calculating USF "loop" costs and resulting "expense

[7] NECA is supplying the proposed LSS formula and requisite demand data to USAC. That data will conform to calculation methods in use by USAC for average schedule companies. These methods use end-of-year demand. Appendix B shows NECA's calculation of these amounts. NECA understands that, consistent with section 54.301 of the Commission's rules, USAC, as Administrator, will file the resulting support amounts for all average schedule companies on or about November 1, 2003, as part of its 1st Quarter universal service fund projection filings. *See* 47 C.F.R. § 54.301.

adjustments" (i.e., high cost loop support payments) for average schedule companies.[8] Under Part 36 of the Commission's rules, cost companies receive high-cost loop support based on the degree to which their *unseparated* (*i.e.*, total company) loop costs exceed the national average cost per loop (NACPL).[9] Companies with loop costs below 115% of the NACPL do not receive any Universal Service Fund (USF) support. Companies with loop costs that exceed 115% of NACPL receive support from the USF based on a percentage of these excess costs. Companies with loop costs that exceed 150% of the NACPL receive support that covers a higher percentage of these excess costs.[10]

Because USF expense adjustments to rural telephone companies are based on unseparated loop costs, it is not necessary for NECA to estimate jurisdictional cost separations results prior to developing payment formulas.[11] As a result, NECA is able to determine USF loop costs (and therefore, USF payment amounts) for sample companies with a high degree of precision.

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[8] A loop is "a pair of wires, or its equivalent, between a customer's station and the central office from which the station is served." (Part 36 Glossary). Loops include common lines for ordinary telephone service as well as dedicated lines for high capacity or other special access services. "Expense adjustment" is a term adopted in the Commission's Part 36 rules that describe payments from the high cost loop fund as adjustments to the total "interstate expense" that exchange carriers would otherwise be allowed to recover from the interstate jurisdiction.

[9] 47 C.F.R. § 36.601, *et seq.* A company's "loop cost" includes expenses, return on net investment, and federal income tax obligation on portions of specific accounts that include costs incurred in providing common line subscriber loops.

[10] *See* generally 47 C.F.R. § 36.631.

[11] The Commission's Part 36 rules specify procedures for determining the portion of specific accounts that are categorized as "loop" costs. In instances where NECA is required to estimate portions of accounts balances that would be assigned to the loop in a cost study, prorate factors can be applied, with minimal impact on the accuracy of resulting loop cost results.

The more difficult part is the development of a formula that "simulates" the Part 36 loop cost/expense adjustment calculation for each average schedule company. NECA also has available to it demand data that relates to USF loop costs and/or expense adjustments. The goal of the formula development process is to compare sample companies' USF expense adjustments or loop costs to demand data to determine if statistically valid relationships exist, and to use these relationships to estimate USF expense adjustments or loop costs for every company in the population.

NECA has identified two potential ways of developing formulas to estimate high cost loop payments for average schedule companies. Understanding the differences between these two methods is critical to understanding the USF formula proposed in this filing.

1. Cost Per Loop Formula Approach

The first potential method for predicting high cost loop payments for average schedule companies is to compare individual *cost per loop* amounts calculated for sample companies with available demand variables from these companies. When a statistically valid relationship between cost per loop and demand variables is found, it is possible to develop a formula that predicts the cost per loop value for each member of the average schedule population. In cases where this formula predicts cost per loop exceeding 115% of the NACPL, individual USF payments can be determined for the qualifying average schedule companies.

Since cost companies receive HCL payments based on their costs per loop, the cost per loop formula approach appears on the surface to be a reasonable method for determining USF payments to average schedule companies. NECA has found, however, that the cost per loop formula approach systematically understates USF *payments* to average schedule companies.[12] This occurs because of the sharp payment "threshold" incorporated in the Part 36 rules that allows HCL payments only to companies with loop costs in excess of 115 percent of the national average. Thus, all companies with cost per loop at or below the threshold realize an expense adjustment value equal to zero. When fitting a model to a data trend, data below the trend exert a downward influence on the model relative to their distance below the trend. Thus, companies with cost per loop below the threshold exert a greater *downward* influence on the cost per loop formula than companies with cost per loop at the threshold. In contrast, since all of these companies have a zero expense adjustment, those companies all exert precisely the same downward influence on the expense adjustment per loop formula as companies at the threshold. This difference in influence levels causes the cost per loop formula to be a downward-biased method of calculating expense adjustments.

The effects of this downward bias can be severe. In 1999, for example, most average schedule companies had loop costs that were quite close to the 115% "threshold" for payment eligibility.

[12] *See* National Exchange Carrier Association, Inc., Proposed Modifications to the 1998-1999 Interstate Average Schedule Formulas, ASD 98-96, *Application for Review* filed by NECA, at 11 and 17 and at Tab 3, p. 11, (Apr. 16, 1999) (*Apr. 1999 AFR*); *See also* National Exchange Carrier Association, Inc. Proposed 2001 Modification of Average Schedule Universal Service Formulas, ASD 00-42, *Application for Review* filed by NECA, at 9 (Jan. 26, 2001) (*Jan. 2001 AFR*).

This meant that even a small downward bias in the formula could place many companies that deserve HCL payments below the 115% level, denying them eligibility for support.

A comparison of sample company HCL revenue requirements with payment amounts produced by the "best fit" cost per loop formula in that year reveals the extent of this bias. Whereas HCL revenue requirements (determined on the basis of actual accounting data) for the approximately 200 sample companies summed to about $20 million in 1999, the "best fit" cost per loop formula would have paid the *entire population* (over 500 companies) only about $3 million dollars in that year.

The problem of "downward bias" inherent in the cost per loop approach has become less significant in the past four years as actual costs of more average schedule study areas have increased above the 115% threshold level. As this migration above the threshold has occurred, fewer companies have cost per loop in the range that exerts greater downward influence on the cost per loop formula. There is, nevertheless, a continuing and significant bias in the cost per loop formula as an estimator of expense adjustment. Thus, the cost per loop formula approach does not fully meet the "payment simulation" test of section 69.606(a).

2. Expense Adjustment Formula Approach

To solve the threshold bias problem associated with the cost per loop formula, in cooperation with the staff of the Accounting Safeguards Division, NECA developed an alternative approach

in 1998 that seeks to model USF *expense adjustments* payable to sample average schedule companies.

Under the expense adjustment model approach, NECA first determines cost per loop amounts for each sample company (as is done under the cost per loop approach). Instead of attempting to develop a formula that predicts cost per loop amounts for the population, however, NECA computes USF expense adjustments that would be payable to each sample company, and then develops a formula that produces USF *payments per loop* for each company in the population.

This approach resolves the downward bias problem inherent in the cost per loop approach because companies with low cost per loop levels no longer exert a disproportionate downward bias on formula payment levels.

Further, the expense adjustment modeling approach conforms more closely with the "payment simulation" requirement of section 69.606 of the Commission's rules. As noted above, in NECA's view that rule requires NECA to develop a formula that simulates "disbursements" of representative cost companies (not "cost per loop amounts" or any other intermediate steps in the process). Because the expense adjustment formula approach produces disbursements that closely match the actual HCL payments of sample average schedule companies, the "payment simulation" requirement of that rule is met.

One additional step is required, before payments calculated under the expense adjustment formula can actually be disbursed to average schedule companies. Administration of the federal

USF high cost loop mechanism requires that a cost per loop amount be calculated for each company. These cost per loop amounts are used by the USF administrator to calculate actual payments. Thus, in order to coordinate USF payments for average schedule companies based on the expense adjustment approach, NECA must calculate a derived CPL for each average schedule company in the population based on expense adjustment formula outputs. These cost per loop data can then be used by the administrator to calculate correct payment levels for all companies.

In summary, the expense adjustment formula approach produces payments that "simulate" the payments a company would receive if it were to perform a cost study by following these steps:

1. Actual accounting data and demand data are obtained from sample companies.

2. Actual cost per loop data are calculated for each sample company, and corresponding USF expense adjustments (payments) are calculated.

3. A model is developed to produce USF expense adjustments for each average schedule company in the population.

4. A derived cost per loop level is obtained for each average schedule company based on payment levels calculated by the formula. These derived cost per loop data are then used by the administrator to process payments to average schedule companies.

3. Current High Cost Loop Formula

NECA's initial expense adjustment formula was proposed in June 1998, and approved by the Commission on June 29, 1998.[13] NECA continued to propose formulas based on the expense adjustment method for years 1999 through 2004.[14] In each of these years, however, the Commission rejected NECA's proposed expense adjustment formula on the grounds that the derived cost per loop amounts produced by the formulas did not adequately simulate the actual cost per loop data of sample companies.[15] In 1999 through 2001, in place of NECA's proposed

[13] National Exchange Carrier Association, Inc. Proposed Modification to the 1998-99 Interstate Average Schedule Formulas, *Order*, 13 FCC Rcd 17351 (1998), *Erratum*, (rel. June 30, 1998). In this order, the Commission stated "we believe the revised formula makes sufficient improvement in the accuracy of the distribution of USF fund and produces estimated costs per loop closer to carriers' actual costs than the other formulas. Therefore, we approve it." *Id.* at ¶ 13. Although the Commission appeared to miss the point that the formula was not designed to simulate cost per loop, but to simulate payments to representative cost companies, NECA did not appeal the order since the error was harmless.

[14] *See* 1999 NECA Modification of Average Schedules Universal Service Formulas, National Exchange Carrier Association, Inc. (October 1, 1998); 2000 NECA Modification of Average Schedules Universal Service Formulas, National Exchange Carrier Association, Inc. (October 1, 1999); Errata, (October 27, 1999); 2001 NECA Modification of Average Schedules Universal Service Formulas, National Exchange Carrier Association, Inc. (October 2, 2000), 2002 NECA Modification of Average Schedules Universal Service Formulas, National Exchange Carrier Association, Inc. (October 1, 2001), and 2003 NECA Modification of Average Schedules Universal Service Formulas, National Exchange Carrier Association, Inc. (October 1, 2002).

[15] *See* National Exchange Carrier Association, Inc. Proposed Modifications to the 1998-99 Interstate Average Schedule Formulas, *Order*, 14 FCC Rcd 4049 (1999)(*1999 Order*); National Exchange Carrier Association, Inc. Proposed 2000 Modification of Average Schedule Universal Service Formulas, *Order*, 15 FCC Rcd 5065 (2000) (*2000 Order*); National Exchange Carrier Association, Inc. Proposed 2001 Modification of Average Schedule Universal Service Formulas, *Order*, 16 FCC Rcd 25 (2001) (*2001 Order*).

formulas, the Commission instead directed NECA to adjust prior years' payment amounts by a factor equal to the rate of growth in average schedule company loops.[16] In 2002, the Commission directed NECA to use a Cost per Loop model instead of the Expense Adjustment per Loop model proposed by NECA.

NECA has sought Commission review or reconsideration of each of these orders, repeatedly explaining that the proposed expense adjustment formulas could not be "tested" by a measure of how well they simulate cost per loop data of sample companies. The Commission nevertheless affirmed the *1999 Order* without addressing the testing methodology problem.[17] NECA then filed a Petition for Review with the U.S. Court of Appeals, D.C. Circuit, which upheld the Commission's order, but without reaching the merits of the issue.[18] NECA's Applications for Review of the *2000 Order* and the *2001 Order*, as well as its Petition for Reconsideration of the *2002 Order* and the *2003 Order*, are still pending.[19] As a result of these actions by the

[16] In addition, the Commission has directed NECA to calculate incremental amounts payable to average schedule companies that would otherwise experience unwarranted decreases in payments. *See 1999 Order* at ¶¶13-14.

[17] National Exchange Carrier Association, Inc. Proposed Modification to the 1998-99 Interstate Average Schedule Formulas, *Order*, 15 FCC Rcd 1819 (2000).

[18] *See* National Exchange Carrier Association, Inc, v. FCC, 253 F.3d 1 (D.C. Cir. 2001).

[19] *See* National Exchange Carrier Association, Inc., Proposed 2000 Modification of Average Schedule Universal Service Formulas, ASD 99-43, *Application for Review* filed by NECA (Apr. 17, 2000) (*Apr. 2000 AFR*); *Jan. 2001 AFR*; Federal-State Joint Board on Universal Service, CC Docket No. 96-45, National Exchange Carrier Association, Inc. Proposed 2002 Modification of Average Schedule Universal Service Formulas, *Petition for Reconsideration* filed by NECA (August 29, 2002) (*August 2002 PFR*). National Exchange Carrier Association, Inc. Proposed 2003 Modification of Average Schedule Universal Service Formulas, Petition for Reconsideration filed by NECA (January 27,2003) (*January 27, 2003 PFR*). National Exchange Carrier Association, Inc. Proposed 2004 Modification of Average Schedule Universal Service Formulas, Petition for Reconsideration filed by NECA (January 23, 2004).

Commission, HCL payments to average schedule companies for each of the past six years have been determined not on the basis of the "simulation" test set forth in section 69.606(a), but instead on the basis of a loop growth ratio, for the first three years, then on the basis of the Cost per Loop model for the last three years. Because costs among average schedule companies and similarly-situated cost companies have grown at a faster rate than loops, average schedule payments have fallen significantly short of the levels required to "simulate" representative cost company disbursements. The adoption of the Cost per Loop model in 2002 made up for some of this difference, but still left a significant shortfall.

In this filing, NECA again proposes an expense adjustment formula for determining average schedule HCL payments. This model, based on current data, continues to provide the best available way of satisfying the "payment simulation" standard specified in section 69.606(a) of the Commission's rules.

Recognizing that the Commission adopted a formula that simulates the cost per loop data of sample companies in 2004, however, NECA also presents a statistically-valid cost per loop formula for 2005.

Although the cost per loop formula continues to suffer from the "threshold bias" problem described above, the effect of this bias in 2005 is less pronounced than it was in prior years.
Bias in this formula has reduced in recent years because average schedule costs, on average, have trended upwards from the 115% threshold level. This is a result of both upward trends in costs and the downward adjustment to the NACPL resulting from the Commission's *RTF Order*.

Because the effects of the threshold bias problem are proportional to the number of companies with costs below the 115% threshold level, and because that proportion is decreasing, the distorting effect of this bias continues to reduce from prior years. Accordingly, NECA again presents a cost per loop formula as documentation supporting a lower bound of increased support payments to average schedule companies.[20]

2005 payments to average schedule companies under NECA's proposed expense adjustment formula will total approximately $44.06 million, payable to 377 average schedule study areas. This is an increase of $15.4 million, or 53.73% over the 2004 payments. The increase in proposed payments over the current level reflects growth in average schedule company costs. In addition, because the Commission approved the Cost per Loop model for 2004, rather than the Expense Adjustment per Loop model proposed by NECA, the proposed increase also reflects the difference between these two models.[21] If instead the Commission adopts the cost per loop formula presented herein, payments to average schedule companies in 2005 would total $39.78 million, payable to 368 average schedule study areas.

Finally, it should be noted that while the increases in high cost funding for average schedule companies appear large when expressed as a percentage, the total amount of HCL funding available to these companies continues to be a small portion of the total. High cost loop funding

[20] This presentation is made without prejudice to positions taken in NECA's *Apr. 2000 AFR*, *Jan. 2001 AFR*, *August 2002 PFR* and *January 2003 PFR*..

[21] Payments since 2003 would be recalculated to reflect the effect of updated average schedule formulas on fund size rebasing if the Commission grants NECA's Applications for Review of the Division's *2000* or *2001 Orders.*

for all rural companies in 2005 will amount to $1,053 million. If the Commission approves the expense adjustment formula proposed herein, average schedule companies will receive $44.06 million in high cost funding in 2005, only 4.2 percent of the total. Considering the significantly greater amounts received by small cost companies (both in terms of absolute dollar amounts and percentage increases), the proposed payment amounts for average schedule companies are reasonable and should be approved as filed.

E. Other Changes Resulting from the *RTF Order*

On July 30, 2002, the Bureau approved NECA's proposal for administration of safety valve and safety net payments to average schedule companies.[22] Working with USAC, NECA has implemented reporting and data methods for safety net support to average schedule companies with high growth in Telephone Plant in Service per loop. NECA continues work with USAC to implement methods for safety valve support to average schedule companies that acquire exchanges subject to §54.305(f).

This filing presents average schedule formula based payments only for existing exchanges of study areas that acquire exchanges. USAC will also pay any per loop support amount available to these carriers for loops in the acquired exchanges based on support per line previously

[22] *July 30 Order*.

obtained by the selling company, pursuant to section 54.305 (a).[23]

F. Procedural Aspects

In preparing proposed formula revisions, NECA receives valuable assistance from the Industry Average Schedule Task Group. This group consists of exchange carrier representatives sponsored by industry associations (*i.e.* the National Telephone Cooperative Association, the Organization for the Promotion and Advancement of Small Telecommunications Companies and the United States Telecom Association). The Task Group meets several times each year during the course of NECA's study, reviews the steps taken in developing the proposed formulas, advises NECA regarding the development of procedures for administration of the formulas, and assists the NECA Board of Directors in evaluating final proposed formulas. Task Group participation assures that average schedule companies are able to participate fully in the development of the average schedules, and also have an opportunity to provide input to NECA regarding the ways in which changes in the networks can affect settlement formulas. As it has done in the past for each proposed average schedule modification, NECA will provide a statement to each average schedule company advising them of the impacts of these modifications. This detailed notification includes a brief overview of the new formulas as well as the factors that determine changes in a company's support amounts (*i.e.* changes in loop counts, changes in settlement data).

[23] In its *July 30 Order*, the Bureau also approved NECA's proposal for quarterly reporting of average schedule data when there is competitive entry into an average schedule study area. This requirement ensures that only one carrier receives support for each line served. NECA began quarterly updates for these study areas beginning with the fourth quarter 2002 update on September 30, 2002.

These detailed, individual notification procedures assure that average schedule companies are aware of coming changes in settlement formulas, to enable them to plan accordingly for settlement changes in the coming year.

G. Proposed Formulas

NECA requests approval of the following formulas for determining LSS and HCL payments for average schedule companies in 2005. As discussed above, an expense adjustment per loop formula is proposed and a cost per loop formula is presented in Section III for Commission consideration in determining high cost USF support for average schedule companies.

Regardless of what HCL formula the Commission adopts, it should approve the corresponding set of cost per loop values associated with the respective formula. Approval of associated cost per loop values will assist in the orderly administration of the high cost loop fund as cost companies submit quarterly updates and in the event that the Commission makes further changes to the national average cost per loop prior to the next average schedule proceeding.

PROPOSED LOCAL SWITCHING SUPPORT FORMULA FOR 2005

Support Payment = Support Fraction x Central Office Formula (Local Switching Only)
= Support Fraction x Basic Settlement x Access Line Factor

Central Office Formula (Local Switching Only)

For Study Areas With Minutes Per Line Less Than Or Equal To 330:

Basic Settlement = (0.021996 x Access Minutes) + (398.18 x Exchanges)

For Study Areas With Minutes Per Line Greater Than 330 but Less Than or Equal to 850

Basic Settlement = (0.021996 x 330 x Access Lines)

+ 0.001114 x [(Access Minutes - (330 x Access Lines)] x High Volume Access Line Multiplier

+ (398.18 x Exchanges)

For Study Areas With Minutes Per Line Greater Than 850:

Basic Settlement = (0.021996 x 330 x Access Lines)

+{0.001114 x (850 - 330) x Access Lines

+ 0.000861 x [(Access Minutes - (850 x Access Lines)]} x High Volume Access Line Multiplier

+ (398.18 x Exchanges)

Access Line Factor

For Study Areas With Access Lines Less Than 10,000
Access Line Factor = 1.954907 - 0.0000954907 x Access Lines)
For Study Areas With Access Lines Greater Than Or Equal To 10,000
Access Line Factor = 1.0

High Volume Access Line Multiplier = (475 / Access Lines)

Support Fractions

Study areas with normal traffic volumes

0.696902 If Access Lines Less Than or Equal To 10,000
0.467783 If Access Lines Greater Than 10,000 and Less Than or Equal to 20,000
0.386363 If Access Lines Greater Than 20,000 and Less Than or Equal to 50,000
0.000000 If Access Lines Greater Than 50,000

Study areas with high traffic volumes

0.668823 If Access Lines Less Than or Equal To 10,000
0.448935 If Access Lines Greater Than 10,000 and Less Than or Equal to 20,000
0.370796 If Access Lines Greater Than 20,000 and Less Than or Equal to 50,000
0.000000 If Access Lines Greater Than 50,000

PROPOSED HCL EXPENSE ADJUSTMENT FORMULA FOR 2005

Proposed Expense Adjustment = Formula Expense Adjustment +
Reduction Limit Expense Adjustment

Formula Expense Adjustment

If Loops per Exchange is less than 600, then:
Expense Adjustment per Loop = $200.42965- $0.117689 x Loops per Exchange

If loops per Exchange is greater or equal 600 and Loops per Exchange less than 2650 then:
Expense Adjustment per Loop = $167.81125 - $0.063325 x Loops per Exchange

If Loops per Exchange is greater than or equal to 2650, then:
Expense Adjustment per Loop = $0.00

Formula Expense Adjustment =
Formula Expense Adjustment Per Loop x December 2003 Loops

Reduction Limit Expense Adjustment

If the June 1998 Expense Adjustment Per loop exceeds 2004 Formula Expense Adjustment Per Loop by more than $26.64 ($2.22 per month), then

Reduction Limit Expense Adjustment Per Loop =
June 1998 Expense Adjustment Per Loop –
2004 Formula Expense Adjustment Per Loop - $26.64

Otherwise Reduction Limit Expense Adjustment Per Loop = 0

Reduction Limit Expense Adjustment =
Reduction Limit Expense Adjustment Per Loop x December 1996 Loops

Derived Cost Per Loop Formula

If Expense Adjustment Per Loop = 0, then
Derived Cost Per Loop = 273.09

If 0 < Expense Adjustment Per Loop < or equal to 54.6, then
Derived Cost Per Loop = (Expense Adjustment Per loop/.65) + 276

If Expense Adjustment Per Loop > 54.6, then
Derived Cost Per Loop = (Expense Adjustment Per loop – 54.6)/.75 + 360

II. AVERAGE SCHEDULE LOCAL SWITCHING SUPPORT FORMULA

A. Introduction

This section describes methods and results of NECA's studies to update the current average schedule Local Switching Support (LSS) Formula. NECA's central office settlement formula compensates average schedule companies for the cost of providing interstate local switching access service. One portion of settlements provided under this formula is funded by interstate access charges, [1] while the remainder is funded by LSS. The LSS portion, which was formerly determined under the Commission's Dial Equipment Minutes (DEM) weighting rules, has been recovered from explicit universal service support since January 1, 1998.

The methods used by NECA in developing the LSS formula in this filing are the same as those filed and approved by the Commission each year since 1997.[2]

[1] The Line Port portion of the central office formula is reassigned to the common line category according to FCC rule §69.306. This cost is funded by common line cost recovery methods, including subscriber line charges and Interstate Common Line Support.

[2] *See* Federal-State Joint Board on Universal Service and National Exchange Carrier Association, Inc. Proposed 2004 Modification of Average Schedule Formulas, CC Docket No. 96-45, *Order*, 18 FCC Rcd 26619 (2003); Federal-State Joint Board on Universal Service and National Exchange Carrier Association, Inc. Proposed 2002 Modification of Average Schedule Formulas, CC Docket No. 96-45, *Order*, 17 FCC Rcd 26204 (2002); National Exchange Carrier Association, Inc. Proposed 2002 Modification of Average Schedule Formulas, APD 01-7, *Order*, 17 FCC Rcd 15 (2002); National Exchange Carrier Association, Inc. Proposed 2001 Modification of Average Schedule Universal Service Formulas, ASD 00-42, *Order*, 16 FCC Rcd 25 (2001); National Exchange Carrier Association, Inc. Proposed Modifications to the 1999-2000 Interstate Average Schedule Formulas, ASD 99-43, *Order*, 15 FCC Rcd 87 (2000); National Exchange Carrier Association, Inc. Proposed Modifications to the 1998-99 Interstate Average Schedule Formulas, ASD 98-96, *Order*, 13 FCC Rcd 24225 (1998); National Exchange Carrier Association, Inc. (NECA) Proposed Modifications to the 1997 Interstate Average Schedule Formulas and Proposed Further Modifications to the 1997-98 Interstate Average Schedule Formulas, AAD 97-2, AAD 97-109, *Order on Reconsideration and Order*, 13 FCC Rcd 10116 (1998).

Commission rules prescribe the calculation of the LSS amount as follows.

Local Switching Support =

Unseparated Local Switching Revenue Requirement x Local Switching Support Factor

where

Local Switching Support Factor =

Minimum of 0.85 or (Weighted DEM Factor – 1996 Relative DEM Factor)

Weighted DEM Factor = 1996 Relative DEM x DEM Weight

DEM Weight = Minimum of 1997 thru 2004 DEM Weight

For cost companies, the DEM Weight in this equation was based on the highest access line count occurring since January 1, 1997 per the *Separations Freeze Order*.[3]

In this section, NECA describes the development of unseparated local switching revenue requirements and LSS factors for sample average schedule companies. NECA then describes the development of a statistical formula used to estimate LSS amounts for each company in the average schedule population. These calculations use separations data from cost companies and forecasted account and demand data from average schedule companies.

B. Separations Data From Cost Companies

This study uses data from each of five groups of cost company cost studies to determine the portion of average schedule Central Office Equipment (COE) investment that is local switching investment, and to determine LSS factors.

[3] Jurisdictional Separations and Referral to the Federal-State Joint Board, CC Docket No. 80-286, *Report and Order*, 16 FCC Rcd 11382 (2001).

Local switching investment is part of the investment included in the COE Switching account (Account 2210). The part of Account 2210 that is local switching investment (Category 3) is determined as part of a cost separations study. Because average schedule companies are not required to perform cost separations studies, NECA uses data from cost companies to apportion average schedule investment to the local switching category.

Data from cost companies were obtained to support NECA's upcoming 2005 Modification of Average Schedules.[4] From each cost company, NECA obtained the total amount of unseparated COE investment and the amount of unseparated COE investment that is local switching investment (COE Category 3). From these data, an average local switching fraction was calculated in each of five Support Groups shown in Exhibit 2.1, using the standard weighted ratio estimate.[5]

Exhibit 2.1
Local Switching Categorization Factors From Group C Cost Companies

(A)	(B)	(C)	(D) = (C) / (B)
Support Group	COE	Category 3 COE	Categorization Factor
Less Than 10,000 Lines	$1,301,708,047	$588,239,578	0.451898
10,000 to 20,000 Lines	$794,110,109	$330,076,802	0.415656
20,000 to 50,000 Lines	$455,680,474	$212,172,754	0.465617
More Than 50,000 Lines	$221,715,215	$74,704,632	0.336940
More than 330 Minutes of Use Per Line Per Month	$377,445,467	$161,056,938	0.426703

[4] Data from 2002 Cost Studies were used both for this filing and NECA's upcoming 2005 Modification of Average Schedules, to be filed at the end of December 2004.

[5] The equation for this estimate is expressed as follows.

$$Ratio = \frac{\sum \left(Weight_i \times y_i\right)}{\sum \left(Weight_i \times x_i\right)}$$

The five support groups displayed in Exhibit 2.1 were chosen to recognize that categorization and local switching support fractions vary with respect to DEM weight, which is determined by access line size group, and with respect to equipment that switches higher than average traffic volumes.[6] The cost companies were assigned to support groups based on the average of access lines and access minutes reported to NECA for the period of July 2003 thru November 2003 for settlements. All companies with more than 50,000 access lines were assigned to the support group with more than 50,000 access lines. All other companies with more than 330 monthly access minutes per line were assigned to the support group with more than 330 minutes per line. The remaining companies were assigned to bands based on their DEM weight.

Use of these categorization factors to categorize average schedule account data is described in Section II.C below.

NECA also used cost study data to determine LSS factors for sample average schedule companies. NECA calculated weighted average ratios from these data in each of the five support groups. These values are shown in Exhibit 2.2.

[6] Section 36.125 of the Commission's rules defines DEM weight groups that correspond to the access line groupings shown in Exhibit 2.1. The same section of the rules describes a cap of 0.85 to Weighted DEM. Weighted DEM generally reaches this cap when a study area has higher than average relative traffic volumes. In average schedule formulas, the comparable effect for average schedule companies is measured by the settlement level threshold of 330 monthly interstate access minutes per access line. *See* National Exchange Carrier Association, Inc. 2004 Modification of Average Schedules, WC Docket No. 03-261, *Order*, 19 FCC Rcd 10626 (2004).

Exhibit 2.2

Local Switching Support Factors From Group C Cost Companies

	(A)	(B)	(C) = (A) - (B)[7]
Support Group	Capped Weighted DEM	1996 Relative DEM	LSS Factor
Less Than 10,000 Lines	0.5587	0.1862	0.3723
10,000 to 20,000 Lines	0.4193	0.1677	0.2516
20,000 to 50,000 Lines	0.3451	0.1725	0.1725
More Than 50,000 Lines	0.1768	0.1768	0.0000
More than 330 Minutes of Use Per Line Per Month	0.8081	0.2968	0.5108

The LSS factors from this table were used to develop average schedule support fractions, as described in Section II.E.

Cost company support fractions were calculated as the ratio of local switching support amounts to interstate central office revenue requirements. NECA used cost study data to determine the relationship between the local switching support fractions of the group of study areas with normal traffic volumes, and the support fractions of the group of study areas with high traffic volumes. Study areas with high traffic volumes generally have a weighted DEM value capped at 0.85 according to Commission rules. As a result, these study areas tend to have support that is a lower fraction of unseparated revenue requirement than would be obtained without the cap.

[7] This calculation is done for each study area. Data for study areas with capped weighted DEM cause the column C value in Exhibit 2.2 to not be exactly equal to the differences between values in columns A and B.

To determine the relationship between support fractions of these two groups, NECA summarized the following data:

- Support according to each study area's costs and local switching support factor.
- Imputed support that would be paid if each study area's support fraction were the same as the average of normal volume study areas in the same access line size band.

Both of these calculations are sums over the Group C cost company population. From these summations, NECA calculated the average adjustment from normal volume support fractions to high volume support fractions.

$$\text{High Volume Support Fraction Adjustment} = \frac{\sum_{\text{High Volume ECs}} (\text{LS Support Based On Cost Study})}{\sum_{\text{High Volume ECs}} (\text{Imputed Support Based on NV Support Fraction})}$$

$$= 0.959708$$

Exhibit 2.5 shows the use of this adjustment ratio to develop support fractions for average schedule study areas with high traffic volumes.

C. Unseparated Local Switching Revenue Requirements

NECA used accounting data from 2000 and 2001, forecasted to the July 2004 to June 2005 test period, to develop unseparated local switching revenue requirements for sample average schedule companies. These calculations made use of the cost company categorization factors from Exhibit 2.1 to assign COE investment to the Local Switching category. Other costs were assigned to the Local

Switching category in proportions prescribed by Part 69 rules for calculation of access costs, as described in Exhibit 2.3. For example, COE expense was assigned to local switching in the same proportion as COE investment. As another example, General Support Facilities Investment was assigned in proportion to the combined amounts of COE, Cable and Wire Facilities investment, and Information Origination and Termination investment.

A 'Local Switching Proportion' was calculated for each account for each study area. This proportion is the fraction of the study area's account that NECA allocated to the local switching category. Each fraction has a 'Basis', (i.e. a local switching proportion from another account or group of accounts).

For example, the entry 'Cost Studies' in the 'Basis' column means that the local switching proportion was chosen from the set of average factors in Exhibit 2.1. In most other cases, the 'Basis' column shows one or more line numbers, corresponding to the row numbers in the leftmost column of Exhibit 2.3. These line numbers of other accounts in the Exhibit designate the basis of the local switching proportion. When no basis is shown, the line was calculated using methods described later in this section.

Although a particular basis of allocation yields the same proportion for a study area on every line that uses it, lines in Exhibit 2.3 with a common basis may show somewhat differing proportions, because of the interaction between study area proportions and study area fractions of total sample accounts.

Exhibit 2.3

Unseparated Local Switching Revenue Requirements

	Account	Weighted Total	Local Switching Allocation	Local Switching Cost	Basis
1	Telecommunications Plant in Service	$5,969,953,137	0.184061	$1,098,836,449	
2	Central Office Equipment	$2,246,587,190	0.415410	$933,254,621	
3	COE Category 3	$933,254,621	1.000000	$933,254,621	Cost Studies
4	All Other COE	$1,313,332,570	0.000000	$0	
5	Cable & Wire Facilities	$2,840,006,922	0.000000	$0	
6	Information Origination/Termination	$0	0.000000	$0	
7	General Support Facilities	$862,185,366	0.186863	$161,110,717	2+5+6
8	Amortizable Tangible Assets	$6,582,004	0.200473	$1,319,515	2+5+6
9	Intangibles	$14,591,655	0.215986	$3,151,597	2+5+6
10	General Support Expense	$57,583,093	0.186910	$10,762,837	2+5+6
11	Telecommunications Plant--Other	$208,207,344	0.164226	$34,193,160	1
12	Rural Telephone Bank (RTB) Stock	$15,482,208	0.155822	$2,412,472	1
13	Materials & Supplies	$64,899,321	0.154311	$10,014,672	1
14	Cash Working Capital	$36,010,000	0.156085	$5,620,634	1
15	Accumulated Amortization	$23,037,122	0.169565	$3,906,294	1
16	Net Deferred Income Taxes	$163,025,643	0.172257	$28,082,385	1
17	Network Support Expense	$5,754,458	0.154128	$886,925	1
18	Other Property Plant & Equipment Exp.	$1,960,833	0.150937	$295,962	1
19	Network Operations Expense	$76,530,460	0.155472	$11,898,355	1
20	Marketing Expense	$21,123,391	0.160702	$3,394,564	1
21	Services Expense	$151,902,443	0.158514	$24,078,628	1
22	Operating Taxes	$64,086,814	0.157917	$10,120,423	1
23	Federal Investment Tax Credits	$914,343	0.154141	$140,938	1
24	Provision for Def. Op. Income Taxes-Net	$2,500,011	0.300140	$750,354	1
25	Interest & Related Items	$58,891,889	0.156262	$9,202,535	1
26	Allow. for Funds Used Dur. Constr.	$3,239,614	0.159846	$517,840	1
27	Charitable Contributions	$1,365,201	0.156369	$213,475	1
28	Other Non Current Assets	$4,725,401	0.172410	$814,705	1
29	Customer Deposits	$390,604	0.156261	$61,036	1
30	Other Long Term Liabilities	$72,289,759	0.157962	$11,419,052	1
31	Accumulated Depreciation	$4,023,695,259	0.156993	$631,692,495	1
32	Depreciation and Amortization Expense	$456,575,538	0.156636	$71,516,388	1
33	COE Expense	$78,712,726	0.428187	$33,703,802	2
34	CWF Expense	$112,178,495	0.000000	$0	
35	IOT Expense	$0	0.000000	$0	
36	Executive & Planning Expense	$77,849,179	0.168743	$13,136,473	19+20+21+33+34+35
37	General & Administrative Expense	$163,306,599	0.161135	$26,314,478	19+20+21+33+34+35
38	Net Plant Investment	$2,526,617,477	0.188708	$476,791,866	
39	Return on Investment	$284,244,466	0.188708	$53,639,085	
40	FIT Taxable Income	$227,677,848	0.196828	$44,813,453	
41	Federal Income Taxes	$115,972,655	0.198308	$22,998,337	
42	Expenses & Other Taxes	$1,211,362,688	0.170322	$206,322,311	
43	Revenue Requirement	$1,608,340,195	0.175611	$282,441,892	

Cash Working Capital amounts were calculated from these allocated costs using the following simplified formula.

Cash Working Capital = 0.041096 x Total Amount for Allowances and

Total Amount for Allowances =
Total Operating Expenses + Operating Taxes + Interest & Related Items
+ Charitable Contributions + Interest on Customer Deposits
+ Allowance for Funds Used During Construction
- Depreciation & Amortization Expense

Revenue requirements for each sample company were calculated using the following formulas.

Total Investment =
Central Office Equipment + Cable and Wire Facilities
+ Information Origination/Termination + General Support Facilities + Tangibles
+ Intangibles + Other Telecommunications Plant + Materials and Supplies
+ Rural Telephone Bank Stock

Average Net Investment =
Total Investment + Other Non-Current Assets - Accumulated Depreciation
- Accumulated Amortization - Net Deferred Income Taxes
- Other Long Term Liabilities + Cash Working Capital

Return = Average Net Investment x 0.1125

FIT Taxable Income =
Return - Interest and Related Items - Federal Investment Tax Credit
- Patronage Dividends + Allowance for Funds Used During Construction

Net Federal Income Tax[8] *=*
[FIT Taxable Income x 0.35 / (1 - 0.35)] - Federal Investment Tax Credit

[8] Federal Income Taxes are calculated only for non-tax exempt average schedule study areas, using the tax status reported to NECA. If the federal income tax calculation for any study area resulted in a negative value, a zero value was used.

Total Expenses and Other Taxes =
Network Support Expense + Central Office Equipment Expense
+ Cable & Wire Facilities Expense + Information Origination/Termination Expense
+ General Support Facilities Expense + Other Property Plant & Equipment Expense
+ Network Operations Expense + Depreciation & Amortization Expense
+ Marketing Expense + Services Expense + Executive & Planning Expense
+ General & Administrative Expense + Charitable Contributions
+ Other Operating Taxes + Interest on Customer Deposits

Revenue Requirement =
Total Expenses and Other Taxes + Return + Federal Income Tax
- Allowance for Funds Used During Construction

Monthly Revenue Requirement = Revenue Requirement / 12

Monthly unseparated revenue requirements for each sample company were used to develop the LSS fractions described in Section II.E.

D. Interstate Central Office Revenue Requirement

The Interstate Central Office Revenue Requirement, calculated for each sample average schedule company, was obtained from the NECA 2004 Modification of Average Schedules.[9] This data was used to develop the LSS fractions, as described below.

E. Local Switching Support Formula

NECA developed a formula to identify the LSS for each average schedule company. This formula has two components: a Central Office Formula (Local Switching Only) and Support Fractions.

[9] 2004 NECA Modification of Average Schedules, National Exchange Carrier Association, Inc. (December 29, 2003).

The Central Office Formula (Local Switching Only) is a component of the current average schedule Central Office Settlement Formula. The Central Office Settlement Formula compensates average schedule companies for interstate local switching costs and for the interstate portion of Carrier Access Billing System (CABS) costs. Only the local switching part of this formula includes amounts to be supported from the LSS Fund. Accordingly, NECA excluded CABS costs from the support formula. Coefficients of this formula were explained in Sections VII.E.2.a through VII.E.2.d of the NECA 2004 Modification of Average Schedules and are shown in Exhibit 2.7.

NECA developed average schedule support fractions first for study areas with normal traffic volumes, and then developed adjusted support fractions for study areas with high traffic volumes.

The sample average schedule companies were assigned to a support group based on their forecasted access lines and access minutes. Support amounts in Exhibit 2.4 are the product of the Unseparated Local Switching Revenue Requirement and LSS Factors. The support fractions in Column F compare sample company support amounts to their Interstate Central Office Revenue Requirement. Unique support fractions were developed for each support group.

Exhibit 2.4
Local Switching Support Fractions For Study Areas with Normal Traffic Volumes

(A)	(B)	(C)	(D)	(E) = (C) x (D)	(F) = (E) / (B)
Support Group	Interstate Central Office Revenue Requirement	Unseparated Local Switching Revenue Requirement	Local Switching Support Factor	Support Amounts	Support Fraction
Less Than 10,000 Lines	$70,135,962	$131,285,460	0.372303	$48,877,971	0.696902
10,000 to 20,000 Lines	$18,331,382	$34,085,096	0.251580	$8,575,128	0.467783
20,000 to 50,000 Lines	$19,578,854	$43,842,312	0.172540	$7,564,553	0.386363
More Than 50,000 Lines	$23,994,009	$61,196,704	0.000000	$0	0.000000

Next, NECA used the cost company High Volume Support Fraction Adjustment (from section II.B) to create a table of Support Fractions suitable to high volume average schedule study areas, as shown in Exhibit 2.5.

Exhibit 2.5
Local Switching Support Fractions For Study Areas with High Traffic Volumes

(A)	(B)	(C)	(D) = (B) x (C)
Support Group	Normal Volume Support Fraction	High Volume Support Fraction Adjustment	High Volume Support Fraction
Less Than 10,000 Lines	0.696902	0.959708	0.668823
10,000 to 20,000 Lines	0.467783	0.959708	0.448935
20,000 to 50,000 Lines	0.386363	0.959708	0.370796
More Than 50,000 Lines	0.000000	0.959708	0.000000

These Support Fractions, together with the normal volume Support Fractions and the Central Office Formula - Local Switching Only, make up the proposed Local Switching Support formula, which is shown in Exhibit 2.7.[10]

F. Average Schedule Population Local Switching Support Amounts

Each year since the inception of the LSS fund, NECA has used this formula to calculate LSS

[10] NECA proposes this formula, which has the same development methods and structure that the Commission has approved since the Local Switching Support Fund began in 1998. In the future, NECA will continue its studies to update the underlying components of this formula, and will begin submitting these study results to the Commission in NECA's annual Modifications of Average Schedules to be filed on December 31 of each year. Beginning on October 1, 2005, pursuant to the precise wording of FCC Regulations §54.301(f)(1), USAC will file with the Commission the average schedule local switching support formula for each subsequent year, which is developed by studies documented in NECA's annual Modification filing.

amounts for every average schedule company in the NECA traffic sensitive pool. These amounts have been provided by NECA to USAC for use in fund sizing and determination of support for NECA pooling companies. Effective January 1, 2004, NECA began supplying to USAC only forecasted demand data based on the formula, as USAC will be assuming responsibility for calculating support payments as of that date.

NECA understands that for purposes of calculating support payments, USAC plans to use end-of-year data for access lines and exchanges, and average month data for access minutes. While consistent with USAC procedures for average schedule companies that do not participate in NECA's traffic sensitive pool, this is a departure from NECA calculations in the past which have used monthly demand data.

Support amounts in Appendix B conform to USAC's method. Calculations of support amounts use each company's forecasted access lines, exchanges and access minutes. The access lines and exchanges data were obtained using data reported for NECA settlements from June 2004, and forecasted to December 2005. The access minutes data were obtained using data reported for NECA settlements for months between July 2003 and June 2004, and forecasted to the months of the year ending 2005.[11]

Differences in results introduced by USAC's method are material in a few cases in 2005, but are not expected to cause any company to recover more than its revenue requirement. NECA will continue to analyze payments under both methods to assure accuracy in support payments.

[11] Growth rates used in the forecast, which were developed using time series and econometric models, were obtained from NECA's June 16, 2004 Annual Tariff Filing. While the LSS amounts in this filing are based on forecasted data, final LSS amounts will be trued up to reflect actual data.

Exhibit 2.6 summarizes the proposed changes, which parallel recent changes in local switching costs.

Exhibit 2.6
Summary of Monthly Average Schedule Local Switching Support Changes

	Current Payments	Proposed Payments	Per Cent Change
Support Payments	$6,508,214	$6,221,313[12]	-4.41%
% of Settlement From Support	44.34%	47.94%	3.60%
Access Lines	2,275,277	2,275,277	
Support Per Line	$2.86	$2.73	-4.41%

[12] USAC may calculate different support amounts, to the extent that companies certify different projections of access minutes and access lines than those used by NECA.

Exhibit 2.7
2005 Average Schedule Local Switching Support Formula

Support Payment = Support Fraction x Central Office Formula (Local Switching Only)
= Support Fraction x Basic Settlement x Access Line Factor

Central Office Formula (Local Switching Only)

For Study Areas With Minutes Per Line Less Than Or Equal To 330:

Basic Settlement = ($0.021996 x Access Minutes) + ($398.18 x Exchanges)

For Study Areas with Minutes Per Line Greater Than 330, but Less Than or Equal To 850:

Basic Settlement = ($0.021996 x 330 x Access Lines)
+ $0.001114 x [Access Minutes - (330 x Access Lines)] x High Volume Access Line Multiplier + ($398.18 x Exchanges)

For Study Areas with Minutes Per Line Greater Than 850:

Basic Settlement = ($0.021996 x 330 x Access Lines)
+{$0.001114 x (850 – 330) x Access Lines
+ $0.000861 x [Access Minutes - (850 x Access Lines)]} x High Volume Access Line Multiplier + ($398.18 x Exchanges)

Access Line Factor

For Study Areas with Access Lines less than 10,000:

Access Line Factor = 1.954907 - 0.0000954907 x Access Lines

For Study Areas with Access Lines greater than or equal to 10,000:

Access Line Factor = 1.0

High Volume Access Line Multiplier = (475 / Access Lines)

Support Fractions

Normal Volume Study Areas – Access Minutes per Line Less than or Equal to 330

0.696902	If Access Lines less than or equal to 10,000
0.467783	If Access Lines greater than 10,000 and less than or equal to 20,000
0.386363	If Access Lines greater than 20,000 and less than or equal to 50,000
0.000000	If Access Lines greater than 50,000

High Volume Study Areas – Access Minutes per Line Greater than 330

0.668823	If Access Lines less than or equal to 10,000
0.448935	If Access Lines greater than 10,000 and less than or equal to 20,000
0.370796	If Access Lines greater than 20,000 and less than or equal to 50,000
0.000000	If Access Lines greater than 50,000

III. AVERAGE SCHEDULE HIGH COST LOOP FORMULA

A. Introduction

This section describes methods and results of NECA's studies to update the current average schedule High Cost Loop (HCL) expense adjustment formula. This change is needed to assure that the formula produces payments to average schedule companies that simulate payments that would be received by representative cost companies, as required by section 69.606(a) of the Commission's rules.

NECA proposes herein a modification to the current formula, which will relate expense adjustment per loop to loops per exchange. This formula will be used to determine high cost loop payments to average schedule companies prescribed by the reporting requirements in the Commission's rules, Section 36.631. According to these requirements, NECA must determine each company's payment by an algorithm that uses the company's cost per loop and the nationwide average cost per loop. Consequently, to conform with this rule NECA must convert each company's expense adjustment formula value to a derived cost per loop. These amounts for every average schedule study area are provided to USAC for inclusion in USAC's annual filing to be made on October 1, 2004. The derived cost per loop amounts, when used with the payment algorithm prescribed in section 36.631 of the Commission's rules, will produce HCL payment levels to individual companies consistent with the Commission's rules.

Annual payments to average schedule companies under the proposed formula will total approximately $44.06 million, and will be payable to 377 average schedule study areas in 2005. These payments reflect the maintenance of the cap on the overall fund size. In comparison, current

2004 payments amount to $28.66[1] million to 349 study areas. The proposed payment represents an increase of $15.4 million, or 53.73%, over current payments. Had the Commission approved NECA's October 2003 filing, these companies would received an increase of $10.72 million or 32.15%.

B. Data Used to Develop the Proposed Formula

This section describes the data that underlie the proposed HCL formula. Data comes from three sources:

1. USF data submitted by the population of Subset 3 study areas settling on the basis of cost.
2. Actual financial accounts and loop data from a sample of average schedule study areas.
3. Access line and exchange count data from the entire population of average schedule study areas.

Subset 3 cost study areas provided the categorized account data that were used to compute cost allocation factors. These data were collected in connection with the 2003 annual USF Data Submission and are available on the diskettes included with that submission.[2]

Account data and loop information were collected from the average schedule study areas sampled in 2002 and 2003. The 2002 sample provided 2001 financial accounts and loop information for 2002. The 2003 sample provided 2002 financial accounts and loop information for 2003. These data were used to determine Universal Service Fund (USF) loop cost values for each company, as described in the next section.

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[1] These payments are less than the $35.4 million approved by the Bureau in its December 24, 2003 Order primarily because of adjustments to the NACPL made to assure that the fund remains under its cap as cost companies updated their data during the past year.

[2] *See* 2003 NECA Universal Service Fund Submission of 2002 Study Results, National Exchange Carrier Association, Inc. (October 1, 2003).

Loop data and access line counts from the sample were used to calculate a loop count value for each sample average schedule company. In the annual collection of data from sample study areas, NECA collects loop information for the categories of residence, single line business, multi-line business, company official lines, off-premise extensions and special access lines. NECA determined the count of USF loops for each sample study area by adding access lines, company official lines and off-premises extensions bridged in the central office.

A loops-per-access line ratio was calculated by dividing sample total loops by sample total access lines. Totals used in this calculation were weighted using sample weights. Sample weights are used to expand the sample to a population estimate. A study area's sample weight is the reciprocal of the probability of its being included in the sample. The sample weight measures the count of units in the population that a member of the sample represents. For example, a study area with a sample weight of three represents three study areas in the average schedule population. An unbiased estimate of the population is achieved by weighting access line data in this manner. This means an estimate developed by this method will neither overestimate nor underestimate the loops-per-access line ratio.

Account and loop data from the sample were projected to December 2003 using account level and access line growth rates developed in NECA's 2003 study and filed in the 2004 NECA Modification of Average Schedules[3].

Access line data and exchange counts for the population of average schedule study areas were taken from NECA's settlement system for the month of December 2003 according to the June 2004 view. USF loop counts were calculated for each study area using the loops per access line ratio.

$$USF\ \ Loops = Access\ \ Lines \times Loops\ \ per\ \ Access\ \ Line\ \ Ratio$$

[3] *See* 2004 NECA Modification of Average Schedules, National Exchange Carrier Association. Inc. (December 29, 2003).

USF loop and exchange counts for each average schedule study area are displayed in Appendix D.

C. HCL Expense Adjustment Formula

This section describes the derivation of the average schedule HCL expense adjustment formula by:

- computing allocation factors from Subset 3 cost company data
- determining loop costs of a sample of average schedule study areas using these factors
- calculating expense adjustments based on these loop costs and
- using these expense adjustment data to derive a statistical regression model.

These steps are explained in the following four subsections.

1. Calculation of Allocation Factors from Subset 3 Cost Companies

Cost companies submit categorized data to NECA pursuant to Section 36.611 of the Commission's rules.[4] This data was used to compute average USF cost allocation factors. Loop cost allocation factors are the cost company fractions of accounts attributed to loop. They were developed from accounts related to Exchange Line Cable and Wire (C&WF) Facilities (Category 1) and Exchange Line Central Office Circuit equipment (Category 4.13).

Loop cost allocation factors were developed for each of NECA's seven geographical regions, to recognize categorization differences in circuit equipment and cable and wire facilities across regions. For example, by computing the ratio of cost company Central Office Equipment (COE) 4.13 investment to total cost company COE investment, NECA developed

[4] Data was taken from the USF Data submission filed with the Commission on Oct 1, 2003. *See* 2003 NECA Universal Service Fund Submission of 2002 Study Results, National Exchange Carrier Association, Inc. (October 1, 2003).

an average allocation factor for Category 4.13 investment.

Exhibit 3.1 summarizes how these allocation factors were computed from cost company data. The first column names the Algorithm line corresponding to instructions in Tab 3 of NECA's Universal Service Fund (USF) 2004 Submission of 2003 Study Results[5]. Algorithm lines AL3, AL4, AL5 and AL6 are allocation factors defined in the USF submission to apportion unseparated cost accounts to loop. Algorithm lines 13 through 24 are the various cost components that comprise loop cost. Line 25 is the total unseparated loop cost. Line 26 is the cost per loop. Loop cost components are named in the second column in Exhibit 3.1. The third column is a factor description of each algorithm line and the last column presents cost allocation formulas used to calculate the value for each company.

[5] *See* 2004 NECA Universal Service Fund Submission of 2003 Study Results, National Exchange Carrier Association, Inc., (October 1, 2004).

Exhibit 3.1

Allocation Of Average Schedule Accounts To Loop Cost Categories

Algorithm Line	Loop Cost Component	Factor Description	Cost Allocation Formula
AL3		Factor A: C&WF Cat. 1/Total C&WF	Average ratio by region based on cost company data
AL4		Factor B: COE Cat. 4.13/Total COE	Average ratio by region based on cost company data
AL5		Factor C (C&WF Gross Allocator): C&WF Cat. 1/Total Plant in Service	Average ratio by region based on cost company data
AL6		Factor D (COE Gross Allocator): COE Cat. 4.13/Total Plant in Service	Average ratio by region based on cost company data
AL13	C&WF Maintenance	C&WF Maintenance Expense assigned to Cat. 1 C&WF R&B Factor = $\frac{\underline{\text{C\&WF R\&B Exp.}}}{\text{C\&WF Expense}}$	Factor A x (1 - C&WF R&B Factor) x <u>C&WF Expense</u>[6]
AL14	COE Maintenance	COE Maintenance Expense assigned to Cat. 4.13 COE R&B Factor = $\frac{\underline{\text{COE R\&B Exp.}}}{\text{COE Expense}}$	Factor B x (1 - COE R&B Factor) x <u>COE Expense</u>

[6] Amounts underlined are data or calculated values of sample average schedule study areas. Other values are cost company factors.

Exhibit 3.1

Allocation Of Average Schedule Accounts To Loop Cost Categories

Algorithm Line	Loop Cost Component	Factor Description	Cost Allocation Formula
AL15	Network and General Support Expense	Network Support Expense plus General Support Expense assigned to C&WF Cat. 1 and to COE Cat. 4.13 Net. Spt. R&B Factor = Network Spt. R&B Exp. / Network Support Expense Gen. Spt. R&B Factor = General Spt. R&B Exp. / General Support Expense	(Factor A + Factor B) x [(1 - Network Support R&B Factor) x Network Support Expense + (1 - General Support R&B Factor) x General Support Expense]
AL16	Network Operations Expense	Network Operations Expense assigned to C&WF Cat. 1 and to COE Category 4.13 Ntwk. Oper. Ben. Factor = Ntwk. Oper. R&B Exp. / Ntwk. Oper. Expense	(Factor A + Factor B) x (1 - Network Operations Ben. Factor) x Network Operations Expense
AL17	C&WF Depreciation & Amortization Expense	Depreciation & Amortization Expense assigned to C&WF Category 1 Dep. Exp. C&WF Factor = Dep. & Amort. Exp. CWF / C&WF Tangibles -- C&WF = Amort. Tangible Assets -- C&WF / Amort. Tangible Assets Depreciation--Tang. Factor = (Deprec.—Tangibles) / Tangibles	Factor A x [(Depreciation Expense Factor--C&WF x C&WF) + (Depreciation Expense Factor--Tangibles x Tangibles) x (Tangibles Factor -- C&WF x Amort. Tangible Assets)]

Exhibit 3.1

Allocation Of Average Schedule Sub-Accounts To Cost Categories

Algorithm Line	Loop Cost Component	Factor Description	Cost Allocation Formula
AL18	COE Depreciation & Amortization Expense	Depreciation & Amortization Expense assigned to COE Category 4.13 Dep. Exp. COE Factor = Dep. & Amort. Exp. COE / COE Tangibles -- COE = Amort. Tangible Assets -- COE / Amort. Tangible Assets Depreciation--Tang. Factor = Deprec.--Tangibles / Tangibles	Factor B x [(Depreciation Expense Factor--COE x COE) + (Depreciation Expense Factor--Tangibles x Tangibles) x (Tangibles Factor -- COE x Amort. Tangible Assets)]
AL19	Corporate Operations Expense	Corporate Operations Expense assigned to C&WF Cat. 1 and to COE Cat. 4.13, limited as per ∋36.621(a)(4)[7]	(Factor C + Factor D) x Corporate Operations Expense
AL20	Operating Taxes	Operating Taxes assigned to C&WF Cat. 1 and to COE Cat. 4.13 Federal Income Tax Factor = Operating Taxes / Total Plant in Service	(Factor C + Factor D) x Federal Income Tax Factor x Total Plant in Service

[7] For purposes of the USF Data Submission, Corporate Operations Expenses were subject to the cap imposed by the Commission in its Order on Reconsideration adopted July 10, 1997. *See* Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Order on Reconsideration*, 12 FCC Rcd 10095 at ¶¶ 19-21 (1997). Modification to this cap according to the *RTF Order* are reflected here.

Exhibit 3.1

Allocation Of Average Schedule Sub-Accounts To Cost Categories

Algorithm Line	Loop Cost Component	Factor Description	Cost Allocation Formula
AL21 + AL22	Benefits & Rents	Benefits & Rents other than Corporate Operations Expense assigned to C&WF Cat. 1 and COE Cat. 4.13 C&WF R&B Factor = C&WF R&B Expense / C&WF Expense COE R&B Factor = COE R&B Expense / COE Expense Net. Spt. R&B Factor = Network Spt. R&B Exp. / Network Support Expense Gen. Spt. R&B Factor = General Spt. R&B Exp. / General Support Expense Ntwk. Oper. Ben. Factor = Ntwk. Oper. R&B Exp. / Ntwk. Oper. Expense	(Factor C + Factor D) x [(C&WF R&B Factor x C&WF Expenses) + (COE R&B Factor x COE Expenses) + (Net. Sup. R&B Factor x Net. Sup. Expenses) + (General Sup. R&B Factor x General Sup. Expenses) + (Net. Op. Ben. Factor x Net. Op. Expenses)]

Exhibit 3.1
Allocation Of Average Schedule Sub-Accounts To Cost Categories

Algorithm Line	Loop Cost Component	Factor Description	Cost Allocation Formula
AL23	C&WF Return	Return Component for C&WF Cat. 1 C&WF Cat. 1 Factor = C&WF Cat. 1 / C&WF Tangibles -- C&WF Factor = Tangibles --C&WF / Tangibles Accum. Dep. Adj. Ratio -- C&WF (See Exhibit 3.2) Net N.C. Def. FIT= Net N. C. Def. FIT--C&WF / Factor for C&WF Net N. C. Def. FIT	{(C&WF Cat. 1 Factor x C&WF) + (Tangibles Factor--C&WF x Tangibles) + (Factor C x Materials & Supplies) - Factor A x [(Accum. Dep. Adj. Ratio -- C&WF x Acc. Dep. x %C&WF Cat 1 of TPIS) + (Net N.C. D. FIT Factor--C&WF x Net N. C. D. FIT) + (Accum. Dep. Adj. Ratio -- C&WF x Acc. Amo.)]} x .1125
AL24	COE Return	Return Component for COE Cat. 4.13 COE Cat. 4.13 Factor = COE Cat. 4.13 / COE Tangibles -- COE Factor = Tangibles --COE / Tangibles Accum. Dep. Adj Ratio -- COE. (See Exhibit 3.2) Net N.C. Def. FIT = Net N. C. Def. FIT--COE / Factor for COE Net N. C. Def. FIT	{(COE Cat. 4.13 Factor x COE) + (Tangibles Factor--COE x Tangibles) + (Factor D x Materials & Supplies) - Factor B x [(Accum. Dep. Adj Ratio -- COE x Acc. Dep x %COE Cat 4.13 of TPIS) + (Net N.C. Def. FIT Factor --COE x Net N.C. Def. FIT) + (Accum. Dep. Adj Ratio -- COE x Acc. Amo.)]} x .1125
AL25	Loop Costs	Total Unseparated Loop Cost	Sum of AL13 -- AL24
AL26	Cost Per Loop	Study Area Cost per Loop	AL25 Divided by Total Loops

Algorithm Lines 23 and 24 in Exhibit 3.1 use Adjustment Ratios to allocate Total Accumulated Depreciation to C&W Facilities and COE Transmission. This is done to ensure that the amount of reserves assigned to loop is in proportion to the amount of investment assigned to loop. The adjustment ratio is calculated as follows:

$$\text{Adjustment Ratio} = \frac{\text{Proportion Of Reserves Allocated To Loop}}{\text{Proportion Of Investment Allocated To Loop}}$$

For example, an adjustment ratio of 0.9374 for C&W Facilities would mean that the portion of reserves allocated to Loop is 93.74% of the portion of C&W Facilities investment that is allocated to Loop. Exhibit 3.2 describes the derivation of these ratios.

Exhibit 3.2

Adjustment Ratios For Allocation Of Total Accumulated Depreciation

Description	Calculation	Factor name
COE Transmission fraction of TPIS	Sum DL240 / Sum DL160	TPIS % 2230
C&W Facilities fraction of TPIS	Sum DL255 / Sum DL160	TPIS % 2410
COE Transmission fraction of Tot. Acc. Dep.	Sum DL270 / Sum DL190	ACCT 3100 % 2230
C&W Facilities fraction of Tot. Acc. Dep.	Sum DL280 / Sum DL190	ACCT 3100 % 2410
Adjustment Ratio for COE Transmission.	ACCT 3100 % 2230 / TPIS % 2230	Accum. Dep. Adj. Ratio --COE
Adjustment Ratio for C&W Facilities.	ACCT 3100 % 2410 / TPIS % 2410	Accum. Dep. Adj. Ratio –C&WF

DL240 = COE Transmission (Acct 2230)
DL255 = C&WF Total (Acct 2410)
DL160 = Total Plant in Service (TPIS)
DL270 = Accumulated Depreciation - COE Transmission Equipment
DL280 = Accumulated Depreciation – C&W Facilities
DL190 = Accumulated Depreciation

Exhibit 3.3 displays the computed values of the loop cost allocation factors from sample cost companies. This exhibit shows the average factors defined in Exhibit 3.1 reported by cost companies in each of NECA's seven geographical regions.

Exhibit 3.3

Loop Cost Allocation Factors From Sample Cost Companies

FACTOR	REGION1	REGION2	REGION3	REGION4	REGION5	REGION6	REGION7
FACTOR A	0.93778	0.95076	0.90248	0.88617	0.90991	0.85057	0.86893
FACTOR B	0.24723	0.34799	0.30764	0.35685	0.28117	0.34863	0.30359
FACTOR C	0.44099	0.52158	0.46637	0.49707	0.43038	0.44800	0.46302
FACTOR D	0.08315	0.10651	0.09650	0.09937	0.09235	0.10963	0.09547
C&WF RENTS & BENEFITS	0.26667	0.23711	0.21239	0.25198	0.21296	0.27303	0.21874
COE RENTS & BENEFITS	0.03089	0.05251	0.02649	0.06479	0.06939	0.09679	0.04514
TANGIBLES - C&WF	0.00000	0.00000	0.00000	0.06103	0.00000	0.90001	1.00000
TANGIBLES - COE TRANSMISSION	0.11216	0.00000	0.00000	0.00029	0.00000	0.09372	0.00000
TANGIBLES - COE CATEGORY 4.13	0.00000	0.00000	0.00000	0.00024	0.00000	0.09372	0.00000
ACCUMULATED DEPRECIATION - C&WF	0.48006	0.55972	0.48066	0.55174	0.42982	0.50573	0.55447
ACCUMULATED DEPRECIATION - COE TRANS.	0.13517	0.14897	0.15093	0.16619	0.15410	0.20702	0.15147
NET NON_CURRENT DEFERRED FIT-C&WF	0.46388	0.45690	0.54168	0.55447	0.43056	0.42924	0.40583
NET NON_CURRENT DEFERRED FIT-COE TRANS.	0.13270	0.19704	0.13837	0.14506	0.19526	0.20191	0.21050
NETWORK SUPPORT RENTS & BENEFITS	0.10987	0.19397	0.14561	0.09785	0.18477	0.08069	0.44723
GENERAL SUPPORT RENTS & BENEFITS	0.16940	0.10579	0.21581	0.13922	0.28990	0.25565	0.11213
NETWORK OPERATIONS BENEFITS	0.16523	0.21889	0.23072	0.20580	0.22814	0.24619	0.21250
DEPRECIATION EXPENSE - C&WF	0.04913	0.05621	0.04877	0.05177	0.04918	0.04563	0.04868
DEPRECIATION EXPENSE -COE TRANSMISSION	0.07317	0.09234	0.09021	0.08238	0.08468	0.08142	0.07925
DEPRECIATION - TANGIBLES	0.00000	0.00000	0.00000	0.00136	0.00000	0.00000	0.00427
ACCUM. DEP. ADJ. RATIO - COE	0.94900	0.94317	1.00453	1.07337	1.03078	1.15215	0.90520
ACCUM. DEP. ADJ. RATIO - C&WF	0.99624	0.99419	0.90573	0.95095	0.87770	0.93535	1.01262
FEDERAL INCOME TAX	0.02412	0.02322	0.02397	0.02088	0.01899	0.01323	0.01333

2. Calculation of Loop Cost for Sample Average Schedule Companies

NECA calculated loop costs for sample average schedule companies consistent with the Part 36 rules that apply to cost companies. Accordingly, for each average schedule study area in the sample, the loop cost is the accumulation of components of accounts assigned to loop. Costs assigned to the loop include C&W Facilities investment in Category 1, COE investment in Category 4.13 and other accounts assigned proportionately based on these accounts. Portions of costs in accounts assigned to the loop were determined using allocation ratios derived from cost companies.

NECA applied the cost categorization factors shown in Exhibit 3.3 to uncategorized accounts from sample average schedule study areas to produce unseparated average schedule category-level loop costs. Section 36.621 of the Commission's rules describes various unseparated accounts that comprise a study area's total unseparated loop costs. Following this method, the unseparated loop cost for each sample average schedule study area was determined by summing the following categories related to COE Category 4.13 and C&WF Category 1 plant, as follows.

$$\begin{aligned} \textit{Loop Cost} = \; & \textit{Maintenance Expense} + \textit{Network \& General Support Expenses} \\ & + \textit{Network Operations Expense} + \textit{Depreciation \& Amortization Expense} \\ & + \textit{Corporate Operations Expense} + \textit{Operating Taxes} + \textit{Benefits Expense} \\ & + \textit{Rent Expense} + \textit{Return on Investment} \end{aligned}$$

Exhibit 3.4 presents the results of loop cost calculations for the average schedule sample.

Exhibit 3.4

Allocation Of Unseparated Total Accounts To Loop
Weighted Total Data From The Average Schedule Sample

USF Algorithm Line	Cost Category	Calculation Method	Total Account Per Loop	Avg Loop %	Loop Cost Per Loop
1	C&WF Category 1	Cost Company Factor	1278.22	0.91	1167.78
2	COE Category 4.13	Cost Company Factor	968.13	0.3	285.75
3	Factor A	% C&WF Cat 1 of Total C&WF	1278.49	0.91	1167.78
4	Factor B	% COE Cat 4.13 or Total COE	968.13	0.3	285.75
5	Factor C	% C&WF Cat 1 of TPIS	2638.53	0.44	1167.78
6	Factor D	% COE Cat 4.13 of TPIS	2638.53	0.11	285.75
7	Materials & Supplies for CWF Cat 1	Factor C x M&S	24.6	0.44	10.91
8	Materials & Supplies for COE Cat 4.13	Factor D x M&S	24.6	0.11	2.61
9	Reserves for CWF Cat 1	Factor A x Reserves	1576.14	0.43	679.93
10	Reserves for COE Cat 4.13	Factor B x Reserves	1576.14	0.11	178.26
11	Factor E	% Net C&WF Cat 1 of Net TPIS	1089.05	0.46	498.76
12	Factor F	% Net COE Cat 4.13 of Net TPIS	1089.05	0.1	110.1
13	Maintenance of C&WF Cat 1	Factor A x (Maintenance - R & B)	50.37	0.7	35.04
14	Maintenance of COE Cat 4.13	Factor B x (Maintenance - R & B)	34.07	0.25	8.62
15a	Network Support Assigned to Loop	(Fact C + Fact D) x (Net Sup Exp - R&B)	2.35	0.45	1.06
15b	General Support Assigned to Loop	(Fact C + Fact D) x (Gen Sup Exp - R&B)	21.61	0.45	9.7
16	Network Operations Assigned to Loop	(Fact C + Fact D) x (Net Ops Exp - R&B)	35.24	0.44	15.52
17	Depreciation of C&WF Cat 1	C&WF Cat 1 x C&WF Deprec Rate	1167.78	0.05	59.12
18	Depreciation of COE Cat 4.13	COE Cat 4.13 x COE Deprec Rate	285.75	0.09	24.61
19a	Executive & Planning Assigned to Loop	(Fact C + Fact D) x Exec & Planning Exp	34.1	0.53	18
19b	General & Administrative Assigned to Loop	(Fact C + Fact D) x Gen & Admin Exp	80	0.54	43.05
20	Operating Taxes Assigned to Loop	(Factor C + Factor D) x Oper Taxes	55.2	0.55	30.57
21	Benefits in Oper. Exp. Assigned to Loop	(Fact C + Fact D) x (Benefits - Corp Ops)	108.4	0.17	17.94
22	Rents in Oper Exp Assigned to Loop	(Fact C + Fact D) x (Rents - Corp Ops)	108.4	0.03	3.09
23	Return on C&WF Cat 1	.1125 x Net CWF Cat 1	498.76	0.11	56.11
24	Return on COE Cat 4.13	.1125 x Net COE Cat 4.13	110.1	0.11	12.39
25	Total Loop Cost	Sum 13 Thru 24	2592.15	0.13	334.81

3. **Calculation of Expense Adjustments for Sample Average Schedule Study Areas**

Having determined individual cost per loop (CPL) amounts for each of the 213 sample companies providing account data, it is then possible for NECA to determine with a high degree of precision the HCL expense adjustment that each sample company would receive if it were to perform cost studies pursuant to Part 36 of the Commission's rules.

The following expressions show how Expense Adjustment Per Loop (EAPL) is computed from CPL of each sample study area, following section 36.631 of the Commission's rules[8].

Exhibit 3.5

Calculation Of Sample Study Area Expense Adjustment

National Average Cost Per Loop (NACPL) = $240.00[9]

For study areas with count of working loops < = 200,000[10],

If (115% x NACPL) < CPL <= (150% x NACPL), then
EAPL =0.65 x (CPL - 115% x NACPL) [1]

If CPL > 150% x NACPL, then
EAPL = 0.65 x (150% x NACPL - 115% x NACPL) +
0.75 x (CPL - 150% x NACPL) [2]

If CPL < =115% x NACPL, then
EAPL = 0 [3]

[8] 47 C.F.R. § 36.631.

[9] *See* Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Multi Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket No. 00-256, *Fourteenth Report and Order, Twenty-Second Order On Reconsideration and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256,* 16 FCC Rcd 11244 at ¶¶ 55-59 (2001) (*RTF Order*), which prescribes use of $240.00 as the uncapped NACPL for rural companies for next five years.

[10] According to Part 36 rules, a different calculation is used for study areas with more than 200,000 working loops. There is one study area that falls in this category. However, it does not qualify for expense adjustment payment because its CPL is less than the qualification threshold.

These calculations were performed for each sample average schedule study area, producing an EAPL value based on its individual cost. These amounts are equivalent to the amounts that each sample company would receive if it were to conduct cost studies and submit HCL data to NECA pursuant to Part 36 of the Commission's rules. These data further show that sample companies, as a group, would be entitled to receive $77.99 million in uncapped HCL expense adjustments in 2005.

Finally, NECA estimated the amount of HCL payments to which the entire population of average schedule companies (sample and non-sample) would be entitled if they were to conduct the necessary cost studies. This estimate was calculated by using the sample weights described in Section B. As discussed in that section, use of sample weights in this manner produces an unbiased estimate of population totals from sample data.

Based on this calculation, the total uncapped expense adjustment amount that would be payable to the population of average schedules based on cost studies would be $146.36 million in 2005.

4. **Expense Adjustment per Loop Formula**

The HCL formula study process involves the development of a statistical formula that can be used to compute HCL payments for all average schedule companies. The underlying basis for the development of the formula is the comparison of payment data obtained from average schedule sample companies to commonly available demand quantities. Based on the relationship of these variables, a mathematical model is developed which is used to compute HCL payments for the total population of average schedule companies.

NECA used the expense adjustment per loop data of sample average schedule study areas to derive a statistical regression model. This model form was first presented in the 1998 NECA Further Modification of Average Schedules[11], filed on June 2, 1998, and approved by the Commission in its June 29, 1998 Order[12]. The model that relates expense adjustment per loop to loops per exchange was found to produce statistically significant coefficients. NECA has continued review of other possible models since that time, finding that none offer an overall improvement. Accordingly, NECA proposes to continue the use of this model form in 2005.

The independent variable in this model is loops per exchange. NECA studies have shown, however, that such a model more accurately targets expense adjustments for companies with smaller counts of loops per exchange. Accordingly, since 1998, NECA has included a loops per exchange breakpoint in its formula. The effect of including this breakpoint is to allow HCL payments only to those companies with smaller numbers of loops per exchange. For companies with loops per exchange above the breakpoint, the model's expense adjustment value is zero. While this breakpoint method targets payments accurately to the group of smaller companies, it has underpaid average schedule companies in total. We use this method because in the past, the majority of larger companies would not have received payments based on actual costs. In spite of this shortfall, NECA considers this a reasonable simulation of payments based on cost.

[11] *See* 1998 NECA Further Modifications of Average Schedules, AAD 98-20, National Exchange Carrier Association, Inc., (June 2, 1998).

[12] *See* National Exchange Carrier Association, Inc., Proposed Modifications to the 1998-1999 Interstate Average Schedules, AAD 98-20, *Order*, 13 FCC Rcd 17351 (1998).

This model uses the outlier accommodation method for regression, first introduced in NECA's December 31, 1998 average schedule filing[13] and approved by the Commission.[14] The threshold used in this calculation was equal to three standard deviations of the residuals. The outlier accommodation method uses weighted linear regression, with regression weights defined in two steps. First residuals and DFFITS values for each observation are determined by an unweighted linear regression. Then regression weights are calculated using these values.

If Abs(residual) <= threshold, then regression $\text{weight}_i = 1$

Else regression $\text{weight}_i = \left(\frac{C/2}{DFFITS_i} \right)^2$, where $C = 2\sqrt{\frac{P+1}{N-P-1}}$

P = number of model coefficients, N = number of observations

Outlier weights were not used for companies with less than 600 loops per exchange because their use would have increased the variance of the formula coefficients.

In its 2002 study, NECA analyzed the relationship between the model breakpoint and accuracy of results, and chose the breakpoint based on this analysis. In prior years, data from the regression model have supported the use of a breakpoint of 1300 loops per exchange. Including this breakpoint in the model substantially improved the accuracy of the formula as compared with higher breakpoints.

Data in studies this year, show a continuation of trend changes observed in prior years. Data indicates that more companies with higher values of loops per exchange would qualify for

[13] *See* 1999 NECA Modifications of Average Schedules, National Exchange Carrier Association, Inc. (December 31, 1998).

[14] *See* National Exchange Carrier Association, Inc., Proposed Modifications to the 1999-2000 Interstate Average Schedule Formulas, ASD 99-18, *Order*, 14 FCC Rcd 9803 (1999).

HCL payments based on individual costs. This change has accrued because more average schedule companies have reported higher costs, and because of new rules promulgated by the Commission in the *RTF Order* for July 2001. These rules reduced the nationwide average loop cost used to calculate HCL payments, affording payments to many more study areas than received payments under prior calculations. NECA studied data of sample companies and determined that study areas with loops per exchange up to 2650 would receive payments under new rules. Accordingly, NECA extended the formula breakpoint from 1300 to 2650. Accompanying this change, NECA determined that the formula would be more accurate with a second breakpoint in the model at 600 loops per exchange. In order to accurately reflect the trend of sample companies, which shows relatively higher payments should be made to companies with lower values of loops per exchange, NECA developed an expense adjustment model consisting of three straight lines connected at these breakpoints. NECA tested sets of breakpoints and regression coefficients iteratively to determine that this combination fits the data best. In this year's study NECA reconfirmed the effectiveness of these breakpoints by similar tests.

Next, NECA used linear regression to solve for other parameters of the model. The regression model is specified as follows (LPE designates each study area's loops per exchange ratio and EAPL designates the study area's expense adjustment per loop).

$$EAPL_i = [a_1 + b_1(LPE_i)]\delta_{1i} + [a_2 + b_2(LPE_i)]\delta_{2i}$$

where: $d_{1i} = 1$, *if* $LPE_i < BP_1$, *and* $d_{1i} = 0$ *otherwise*

$d_{2i} = 1$, *if* $BP_1 <= LPE_i < BP_2$, *and* $d_{2i} = 0$ *otherwise*

The model is constrained at the breakpoints, BP_1 and BP_2 , so that:

$$a_1 + b_1 \cdot BP_1 = a_2 + b_2 \cdot BP_1 \qquad [4]$$

and $a_2 + b_2 \cdot BP_2 = 0 \qquad [5]$

These constraints reduce the number of independent parameters in the model as follows:

From equation [5]: $a_2 = -b_2 \cdot BP_2$ [6]

With substitution, equation is written as follows:

$$a_1 + b_1 \cdot BP_1 = - b_2 \cdot BP_2 + b_2 \cdot BP_1 \quad [7]$$

$$a_1 = - b_1 \cdot BP_1 - b_2 \cdot (BP_2 - BP_1) \quad [8]$$

Then the EAPL model reduces to a two parameter model as follows:

$$EAPL = \delta_1 [-b_1 \cdot BP_1 - b_2 \cdot (BP_2 - BP_1) + b_1 \cdot LPE] + \delta_2 \cdot (-b_2 \cdot BP_2 + b_2 \cdot LPE)$$

$$EAPL = \delta_1 [b_1 \cdot (LPE - BP_1) - b_2 \cdot (BP_2 - BP_1)] + \delta_2 \cdot b_2 \cdot (LPE - BP_2)$$

$$EAPL = b_1 [\delta_1 \cdot (LPE - BP_1)] + b_2 \cdot [\delta_2 \cdot (LPE - BP_2) - \delta_1 \cdot (BP_2 - BP_1)]$$

$$EAPL = b_1 \cdot U + b_2 \cdot V$$

Where $U = \delta_1 \cdot (LPE - BP_1)$

$$V = \delta_2 \cdot (LPE - BP_2) - \delta_1 \cdot (BP_2 - BP_1)$$

The regression model estimates the parameters b_1 and b_2. The intercept term, a_1 and a_2, are computed using the values of b_1 and b_2, and breakpoints BP_1 and BP_2. Following is the resulting model:

Exhibit 3.6

Expense Adjustment Regression Formula

If Loops per Exchange is less than 600, then:
Expense Adjustment per Loop = $200.42965 - $0.117689 x Loops per Exchange

If Loops per Exchange is greater or equal 600 and Loops per Exchange less than 2650 then:
Expense Adjustment per Loop = $167.81125 - $0.063325x Loops per Exchange

If Loops per Exchange is greater than or equal to 2650, then:
Expense Adjustment per Loop = $0.00

D. Expense Adjustments for the Population of Average Schedule Companies

The expense adjustment for each average schedule company in the population was calculated as the sum of the formula expense adjustment and the reduction limit expense adjustment as described below.

1. Formula Expense Adjustment

Using the expense adjustment regression model, the uncapped NACPL of $240, and December 2003 loops and exchange counts[15], NECA calculated formula expense adjustment for each member of the average schedule population. By this calculation, expense adjustments to average schedule companies would total $88.91 million.

2. Reduction Limit

Since 1998, NECA has proposed a reduction limitation mechanism in its HCL formula. This mechanism is necessary because, under formulas in effect prior to 1998, a few very small average schedule companies received HCL payments that were materially higher than payments produced by the formulas in effect since that time.

A "flash cut" from prior levels of HCL payments to current levels could significantly harm these companies. In order to avoid these settlement dislocations, NECA proposes to maintain the current reduction limit method, which provides that each company's monthly expense adjustment will not be reduced from the June 1998 level by more than $2.22 per

[15] For a few average schedule study areas, which had acquired exchanges with support restricted by §54.305 of commission rules, NECA reduced these data to exclude the acquired exchanges.

loop. If a study area's annualized June 1998 expense adjustment per loop exceeds the formula expense adjustment per loop by more than 12 x $2.22 ($26.64), then NECA proposes that a reduction limitation component be added to the study area's expense adjustment, determined as follows. The June 1998 expense adjustment was based on December 1996 loops, while the 2005 expense adjustment is based on December 2003 loops. If the June 1998 annualized expense adjustment per 1996 loop exceeds the proposed 2005 expense adjustment per 2003 loop, then the reduction limit component applied to December 1996 loops would be the June 1998 expense adjustment per loop less the 2005 formula expense adjustment per loop, less $26.64.[16]

The limitation method described above reduces what would otherwise be a significant adverse impact on very small average schedule companies. This is consistent with the policy enacted by the Telecommunications Act of 1996 that funding for universal service be specific and predictable.[17] NECA plans to reassess this reduction limitation as definitions and quality of potential new variables are resolved.[18]

The limitation proposal has only a small impact on total expense adjustments, approximately $11,376 per year, bringing the total from $88.90 million to $88.91 million.

[16] For study areas formed after the June 1998 filing, the earliest loop and exchange counts will be used with the 1998 formula to calculate the reduction limit.

[17] 47 U.S.C. § 254 (b)(s).

[18] This reduction limitation component applies only to loops served by each study area in December 1996. NECA proposes that loops added since that date should continue to receive payments based only on the formula expense adjustment.

E. Deriving USF Loop Costs for the Population of Average Schedule Companies

FCC rules require NECA to file HCL data in the form of loop counts and cost per loop (CPL) for each study area.[19] To meet this requirement, while accurately applying the expense adjustment formula, NECA developed a one-to-one equivalence between a study area's EAPL and a CPL value. NECA uses the derived CPL values in the USF data submission.

To determine derived CPL values, NECA analyzed the relationship between filed CPL data and the expense adjustment amounts calculated from these data. Based on this relationship, NECA determined the derived CPL values that precisely corresponded to the EAPL formula, plus the reduction limitation support, by the following steps.

In Exhibit 3.5, NECA identified the equations used to calculate EAPL from CPL data. These equations use the NACPL value of $240.00, threshold levels of 115% and 150%, and payment percentages of 65% and 75%. They prescribe the assignment of each study area to one of three cost per loop bands in order to calculate EAPL from CPL. Accordingly, NECA analyzes its average schedule EAPL formula in the same three bands. The EAPL used in these calculations is calculated as follows:

$$\text{Expense Adjustment Per Loop} = \frac{\text{Formula Expense Adjustment} + \text{Reduction Limit Expense Adjustment}}{\text{December 2003 Loops}}$$

NECA used equations from Exhibit 3.5 to determine limits of EAPL bands that correspond to cost per loop bands. Exhibit 3.7 shows this derivation using Equation [1].

[19] 47 C.F.R. §36.613 (a) (1).

Exhibit 3.7

Expense Adjustment Band Boundaries

$1.15 \times NACPL < CPL <= 1.50 \times NACPL$

$\Rightarrow (1.15 \times NACPL - 1.15 \times NACPL) < (CPL - 1.15 \times NACPL)$

$<= (1.50 \times NACPL - 1.15 \times NACPL)$

$\Rightarrow 0.65 \times (0) < 0.65 \times (CPL - 1.15 \times NACPL) < = 0.65 \times (0.35 \times NACPL)$

$\Rightarrow 0 < EAPL <= 0.65 \times (0.35 \times NACPL)$ [9]

From this relationship, the lower bound of expense adjustment for study areas with CPL greater than 150% of NACPL is 0.65 x (0.35 x NACPL). NECA used this lower bound to solve for the CPL formula in each of the three cost per loop bands.

Exhibit 3.8 shows the derivation of the CPL formula in the band of CPL values between 115% and 150% of the NACPL, using equations [1] and [9].

Exhibit 3.8

Derived Cost Per Loop For 0 < EAPL <= 0.65 x 0.35 x NACPL

$$\text{If} \quad 0 < \text{EAPL} <= (0.65 \times 0.35 \times \text{NACPL})$$

$$\text{Then EAPL} = 0.65 \times (CPL - 1.15 \times \text{NACPL})$$

$$\Rightarrow \text{Derived CPL} = \frac{\text{EAPL}}{0.65} + 1.15 \times \text{NACPL} \qquad [10]$$

$$\Rightarrow \text{Derived CPL} = \frac{\text{EAPL}}{0.65} + 276$$

Similarly, Exhibit 3.9 shows the derivation of the CPL formula in the band of values exceeding 150% of the NACPL.

Exhibit 3.9

Derived Cost Per Loop Formula For EAPL > 0.65 x 0.35 x NACPL

$$\text{If} \quad 0.65 \times 0.35 \times \text{NACPL} < \text{EAPL}$$

$$\text{Then Derived CPL} = \frac{\text{EAPL} - 0.65 \times 0.35 \times \text{NACPL}}{0.75} + 1.50 \times \text{NACPL}$$

$$\Rightarrow \text{Derived CPL} = \frac{\text{EAPL} - 54.6}{0.75} + 360 \qquad [11]$$

Equations [10] and [11] define the derived CPL formula for bands with expense adjustment greater than zero. These formulas connect continuously at the band boundary. Because the data submission requires a CPL value for every exchange carrier, NECA also develops the CPL formula for the band with EAPL equal to zero. Because every CPL value in this band produces a zero expense adjustment, this band does not have an inherently one-to-one match between expense adjustment and loop cost. Consequently, NECA has tested a best fit regression method to obtain this part of the loop cost formula.

Because the slope of the regression model was not statistically significant NECA used the overall average CPL, of study areas with loops per exchange exceeding 2650 as their derived CPL.

Derived CPL = 273.09 [12]

CPL components derived as equations [10], [11], and [12] are shown in Section I.G.
NECA has provided these data to USAC for USF administration and will notify exchange carriers of proposed changes subsequent to this filing.

F. HCL Payments for Population of Average Schedule companies

In 2005, actual HCL payments will be determined using each company's CPL value, and the NACPL value adjusted according to the Commission rules to cap the total fund size. Following is a discussion of the effects of these calculations.

Commission rules prescribed that the fund size beginning in 2003 reflect payments that would have been made to rural carriers in 2001, had no fund size cap been in effect. Accordingly, in 2001 NECA prepared fund size calculations that included payment changes to cost and average schedule study areas.

Using the capped NACPL to calculate expense adjustment for actual payment, both average schedule and cost companies have two views of HCL expense adjustments – the one dependent on the company's CPL and the NACPL; and the other actual payment depending on the CPL and the "capped" NACPL, which is $298.45 at the time of this filing.[20] Both were calculated using the formulas shown in Exhibit 3.5.

Because of the cap, payments to average schedule companies will be reduced from the uncapped expense adjustment level of $88.91 million to $44.06 million.

[20] NECA has a Petition For Reconsideration pending related to the average schedule data included in this calculation. Should the Commission modify its current interpretation of its rule in response to that petition, NECA would update this nationwide average, and the resulting payments to cost and average schedule companies.

G. Effects of Changes on Average Schedule Companies

This section provides a summary comparison of proposed payments of $44.06 million and current payments of $28.66 million, categorized by line size group and by percent difference band.

Exhibit 3.10 summarizes the changes in payments by study area size.

Exhibit 3.10

Proposed Monthly HCL Payment Changes By Loop Size

Access Line Size Group	Count of Study Areas	2004 USF Payments (current)	2005 Proposed Payment (Fund Cap Applied)	Monthly Change per Loop	Percent Difference
0 TO 500	63	$151,325	$160,912	$0.55	6.34
500 TO 1000	89	$301,119	$425,099	$1.86	41.17
1000 TO 2500	158	$749,187	$1,097,084	$1.34	46.44
2500 TO 5000	72	$569,183	$855,001	$1.08	50.22
5000 TO 10000	54	$473,800	$781,081	$0.83	64.85
10000 TO 20000	27	$144,013	$313,863	$0.47	117.94
OVER 20000	20	$0	$38,659	$0.03	100.00

Exhibit 3.11 summarizes the changes in expense adjustments by percent change bands.

Exhibit 3.11

Proposed Monthly HCL Payment Changes By Per Cent Change Bands

Percent Change Group	Count of Study Areas	2004 USF Payments (current)	2005 Proposed Payment (Fund Cap Applied)	Monthly Change per Loop
-20% TO -10%	6	$13,653	$11,956	-$1.51
-10% TO -5%	16	$92,925	$87,108	-$0.70
-5% TO -2%	8	$37,475	$35,989	-$0.42
-2% TO 0%	6	$17,915	$17,773	-$0.08
0% TO +2%	109	$23,694	$23,878	$0.00
+2% TO +5%	12	$163,337	$169,382	$0.33
+5% TO +10%	20	$246,290	$265,809	$0.66
+10% TO +20%	37	$353,990	$401,399	$1.02
+20% TO +30%	15	$139,649	$175,531	$1.60
+30% TO +40%	11	$68,784	$93,727	$1.98
+40% TO +50%	12	$97,878	$140,955	$1.97
+50% TO +60%	18	$154,659	$239,352	$2.36
+60% TO +70%	66	$409,656	$674,924	$2.28
+70% TO +80%	34	$196,214	$344,329	$2.09
+80% TO +90%	14	$128,688	$238,324	$2.01
+90% TO +100%	7	$39,021	$75,697	$1.95
+100% TO +200%	65	$163,733	$487,625	$1.26
+200% TO +300%	13	$27,778	$93,527	$1.66
OVER 300%	14	$13,288	$94,414	$1.61

H. Cost per Loop Formula for 2005

The Commission has recommended in previous orders regarding average schedule HCL payments that a CPL model be used to determine expense adjustments instead of NECA's model, which is based on expense adjustment data. While the CPL model continues to understate correct expense adjustments, NECA is offering an updated CPL model as evidence of the increase in average schedule CPLs, and to support the need for increases in payment levels. However, the model understates required payments, in that it represents a biased estimator of expense adjustments.

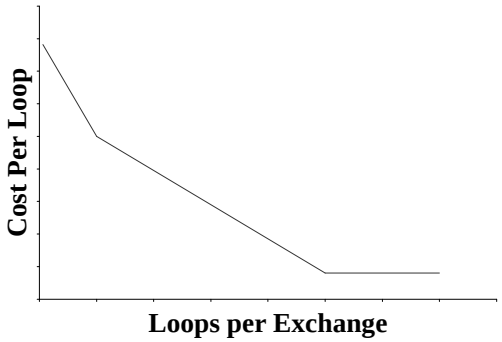
In Appendix C of this filing NECA presents actual HCL data of sample average schedule study areas. This section explains the use of that data to develop a statistical model for calculating CPL values for each study area in the average schedule population.

This model was developed using a ratio estimation method, and by ordinary statistical regression methods, both with weighting to moderate the influence of statistical outliers. NECA has used these methods in average schedule studies since 1998.

The model relates the CPL variable (the dependent variable) to the loops per exchange variable by constrained linear regression. The model reflects the CPL trend of sample companies, which show relatively higher costs associated with lower values of loops per exchange. This trend decreases according to one rate for the smallest study areas, then decreases at a slower rate for midsize average schedule study areas, and finally levels off for the larger study areas. Correspondingly, NECA's CPL model consists of three connected straight lines, representing each of the loops per exchange size groups as described in Section C4.

Exhibit 3.12

Cost Per Loop Model



To fit the CPL formula to sample company data, NECA first calculated the overall average CPL of study areas with loops per exchange exceeding 2650, using the standard weighted ratio estimation method. This method produced a formula cost per loop for study areas exceeding 2650 loops per exchange (LPE) of $273.09. This CPL is a good statistical representation of the data of these study areas, which show a consistently flat trend as related to loops per exchange.

$$Cost\ Per\ Loop = \frac{\sum_{ECs > 2650\,LPE} SampleWeight_i \cdot OutlierWeight_i \cdot LoopCost_i \cdot Loops_i}{\sum_{ECs > 2650\,LPE} SampleWeight_i \cdot OutlierWeight_i \cdot Loops_i}$$

Next, NECA used linear regression to solve for other parameters of the model. The regression model is specified as follows (CPL designates the study area's cost per loop).

$$CPL_i = [a_1 + b_1 LPE_i]d_{1i} + [a_2 + b_2 LPE_i]d_{2i} + a_3 d_{3i}$$

where: $d_{1i} = 1$, *if* $LPE_i <= BP_1$, *and* $d_{1i} = 0$ *otherwise.*

$d_{2i} = 1$, *if* $BP_1 < LPE_i <= BP_2$, *and* $d_{2i} = 0$ *otherwise.*

$d_{3i} = 1$, *if* $BP_2 < LPE_i$, *and* $d_{3i} = 0$ *otherwise.*

The model is constrained at the breakpoints, BP_1 and BP_2, so that:

$$a_1 + b_1 \cdot BP_1 = a_2 + b_2 \cdot BP_1 \quad [13]$$

and $$a_2 + b_2 \cdot BP_2 = a_3 = \$273.09 \quad [14]$$

These constraints reduce the number of independent parameters in the model as follows. From equation [13],

$$a_2 = a_1 + (b_1 - b_2) \cdot BP_1 \quad [15]$$

With this substitution, equation [14] is written as follows.

$$273.09 = a_1 + b_1 \cdot BP_1 - b_2 \cdot BP_1 + b_2 \cdot BP_2 \quad [16]$$

This equation is rewritten as follows.

$$b_2 = \frac{273.09 - a_1 - b_1 \cdot BP_1}{BP_2 - BP_1}$$

Then the CPL model reduces to a two-parameter model as follows.

$$CPL_i = a_1 U_i + b_1 V_i + 273.09 \cdot W_i$$

Where

$$U_i = \partial_{1i} + \partial_{2i} + \frac{\partial_{2i} \cdot (BP_1 - LPE_i)}{BP_2 - BP_1}$$

$$V_i = \partial_{1i} \cdot LPE_i + \partial_{2i} \cdot BP_1 + \frac{\partial_{2i} \cdot (BP_1^2 - BP_1 \cdot LPE_i)}{BP_2 - BP_1}$$

$$W_i = \frac{\partial_{2i} \cdot (LPE_i - BP_1)}{BP_2 - BP_1} + \partial_{3i}$$

Following is the resulting model, derived by standard linear regression methods, including outlier weighting as described in Section C4. This model fits the CPL data most accurately, and reflects relationships between high loop cost and loops per exchange.

Exhibit 3.13

CPL Regression Formula

If Loops per Exchange is less than 600, then:

Cost per Loop = $556.467533 - $0.172447 · Loops per Exchange

If Loops per Exchange is greater than or equal to 600 but less than 2,650, then:

Cost per Loop = $505.65705 - $0.087762 · Loops per Exchange

If Loops per Exchange is greater than or equal to 2,650, then:

Cost per Loop = $273.09

I. Support Payments According to the Cost per Loop Formula

NECA evaluated the CPL formula using loop counts and exchange counts data of each average schedule study area. Results are shown in Appendix E to this filing. NECA next used the expense adjustment algorithm with these formula CPL values, and the 2005 capped NACPL of $298.45, to calculate expense adjustment values for each study area. These values total $39.78 million. These values are also shown in Appendix E.

Total payments from the CPL model are lower than the amount to which average schedule study areas are entitled under the Commission's rules. The correct payments to average schedule study areas are calculated based on the expense adjustment formula described in this filing.

J. Conclusion

The HCL formula shown in Exhibit 3.6 proposed herein has been shown to conform to FCC rules regarding USF reporting, to produce payments consistent with those experienced by similarly situated cost companies as required by the Commission's Part 69 rules, and to yield reasonable changes in payments to average schedule companies. The Commission should approve the proposed formula reflecting the expense adjustment per loop model and the reduction limit, resulting payments, and its corresponding cost per loop values expeditiously, for implementation on January 1, 2005.

Appendix A
2004 Average Schedule USF Study
Study Area Code / Study Area Name

Obs	Study Area Code	Study Area Name
1	100005	COBBOSSEECONTEE TEL. CO.
2	100015	COMMUNITY SERVICE TEL. CO.
3	100019	OXFORD COUNTY TEL. & TELE. CO.
4	100020	PINE TREE TEL. & TELE. CO.
5	100022	SACO RIVER TEL. & TELE. CO.
6	120042	DIXVILLE TEL. CO.
7	120043	DUNBARTON TEL. CO.
8	132454	THE WOODBURY TEL. CO.
9	140053	FRANKLIN TEL. CO.-VT
10	140064	SHOREHAM TEL. CO., INC.
11	150076	CASSADAGA TEL. CORP.
12	150088	DELHI TELEPHONE COMPANY
13	150112	ONTARIO TELEPHONE COMPANY, INC.
14	150125	STATE TEL. CO.
15	170145	THE BENTLEYVILLE TEL. CO.
16	170151	BUFFALO VALLEY TEL. CO.
17	170156	CITIZENS TEL. CO. OF KECKSBURG
18	170161	COMMONWEALTH TELEPHONE COMPANY
19	170162	THE CONESTOGA TEL. AND TEL. CO.
20	170165	DENVER AND EPHRATA TEL. & TEL. CO.
21	170171	HICKORY TEL. CO.
22	170175	IRONTON TEL. CO.
23	170179	LAUREL HIGHLAND TEL. CO.
24	170191	THE NORTH EASTERN PA. TEL. CO.
25	170193	NORTH PITTSBURGH TEL. CO.
26	170195	ARMSTRONG TEL. CO. NORTH
27	170196	PALMERTON TEL. CO.
28	170197	PENNSYLVANIA TEL. CO.
29	170200	PYMATUNING IND. TEL. CO.
30	170204	SOUTH CANAAN TEL. CO.
31	170210	VENUS TEL. CORP.
32	170215	YUKON-WALTZ TEL. CO.
33	170277	WEST SIDE TEL. CO.-PA
34	190219	BUGGS ISLAND TEL. COOP.
35	190220	BURKE'S GARDEN TEL. CO., INC.
36	190225	CITIZENS TEL. COOP.-VA
37	190226	NTELOS, INC.
38	190236	NORTH RIVER TEL. COOP.
39	190237	HIGHLAND TEL. COOP.-VA
40	190238	MOUNTAIN GROVE-WILLIAMSVILLE TEL. CO.
41	190239	NEW HOPE TEL. CO.-VA
42	190243	PEMBROKE TEL. COOP.
43	190248	SCOTT COUNTY TEL. COOP. INC.
44	190250	SHENANDOAH TEL. CO.
45	190253	VIRGINIA TEL. CO.
46	200258	WAR ACQUISITION CORP. DBA WAR TELEPHONE CO.
47	220324	VALLEY TELEPHONE CO., LLC
48	220364	GEORGIA TEL. CORP.
49	220375	NELSON-BALL GROUND TEL. CO.

Appendix A
2004 Average Schedule USF Study
Study Area Code / Study Area Name

Obs	Study Area Code	Study Area Name
50	220380	PROGRESSIVE RURAL TEL. COOP., INC.
51	220387	FRONTIER COMMUNICATIONS OF GEORGIA, LLC
52	220389	TRENTON TEL. CO.
53	220395	ACCUCOMM TELECOMMUNICATIONS, INC.
54	230478	ELLERBE TEL. CO.
55	230485	MEBTEL, INC.
56	230491	NORTH STATE TEL. CO.-NC dba NORTH STATE COMM.
57	230494	PINEVILLE TEL. CO.
58	230495	RANDOLPH TEL. CO.
59	230496	RANDOLPH TEL. MEMB. CORP.
60	230497	PIEDMONT TEL. MEMB. CORP.
61	230500	SERVICE TEL. CO.
62	230501	SKYLINE TEL. MEMB. CORP.
63	230503	SURRY TEL. MEMB. CORP.
64	230505	TRI-COUNTY TEL. MEMB. CORP.-NC
65	230511	YADKIN VALLEY TEL. MEMB. CORP.
66	240515	CHESNEE TEL. CO.
67	240516	CHESTER TEL. CO.-SC
68	240532	LOCKHART TEL. CO., INC.
69	240535	NORWAY TEL. CO., INC.
70	240536	PALMETTO RURAL TEL. COOP., INC.
71	240541	RIDGEWAY TEL. CO., INC.
72	240546	SANDHILL TEL. COOP., INC.
73	250283	BRINDLEE MOUNTAIN TEL. CO.
74	250285	CASTLEBERRY TEL. CO., INC.
75	250301	FRONTIER COMMUNICATIONS OF LAMAR COUNTY, LLC
76	250311	OAKMAN TEL. CO., INC.
77	250312	OTELCO TELEPHONE LLC
78	250322	UNION SPRINGS TEL. CO.
79	260396	BALLARD RURAL TEL. COOP. CORP., INC.
80	260398	BRANDENBURG TEL. CO., INC.
81	260408	GEARHEART COMM. DBA COALFIELDS TEL. CO.
82	260412	LEWISPORT TEL. CO., INC.
83	260414	MOUNTAIN RURAL TEL. COOP. CORP., INC.
84	260417	SALEM TEL. CO.
85	260419	THACKER/GRIGSBY TEL. CO., INC.
86	270428	DELCAMBRE TEL. CO.
87	280451	DECATUR TEL. CO., INC.-MS
88	280460	FRONTIER COMM. OF MISSISSIPPI, INC.
89	280467	SMITHVILLE TEL. CO.
90	287449	MYRTLE TEL. CO., INC.
91	290553	BEN LOMAND RURAL TEL. COOP., INC.
92	290554	BLEDSOE TEL. COOP.
93	290559	CONCORD TEL. EXCHANGE, INC.
94	290565	HIGHLAND TEL. COOP., INC.-TN
95	290570	LORETTO TEL. CO., INC.
96	290583	WEST TENNESSEE TEL. CO., INC.
97	290584	YORKVILLE TEL. COOP., INC.
98	300585	ARCADIA TEL. CO.

Appendix A
2004 Average Schedule USF Study
Study Area Code / Study Area Name

Obs	Study Area Code	Study Area Name
99	300586	THE ARTHUR MUTUAL TEL. CO.
100	300588	AYERSVILLE TEL. CO.
101	300589	BASCOM MUTUAL TEL. CO.
102	300590	BENTON RIDGE TEL. CO.
103	300591	BUCKLAND TELEPHONE COMPANY
104	300594	THE CHAMPAIGN TEL. CO.
105	300604	COLUMBUS GROVE TEL. CO.
106	300609	DOYLESTOWN TEL. CO.
107	300614	FORT JENNINGS TEL. CO.
108	300618	GERMANTOWN INDEPENDENT TEL. CO.
109	300619	GLANDORF TEL. CO., INC.
110	300625	KALIDA TEL. CO., INC.
111	300633	MIDDLE POINT HOME TEL. CO.
112	300634	MINFORD TEL. CO., INC.
113	300639	THE NEW KNOXVILLE TEL. CO.
114	300645	OAKWOOD TEL. CO.
115	300650	THE OTTOVILLE MUTUAL TEL. CO.
116	300651	PATTERSONVILLE TEL. CO.-OH
117	300654	RIDGEVILLE TEL. CO.
118	300656	SHERWOOD MUTUAL TEL. ASSOC.
119	300659	TELEPHONE SERVICE CO.
120	300662	VANLUE TEL. CO.
121	300663	VAUGHNSVILLE TEL. CO., INC.
122	300664	WABASH MUTUAL TEL. CO.
123	310669	ALLENDALE TEL. CO.
124	310675	BARAGA TEL. CO.
125	310676	BARRY COUNTY TEL. CO.
126	310678	BLANCHARD TEL. ASSOC., INC.
127	310688	CLIMAX TEL. CO.
128	310692	DRENTHE TEL. CO.
129	310694	FARMERS MUT. OF CHAPIN DBA CHAPIN TEL. CO.
130	310703	KALEVA TEL. CO.
131	310725	SAND CREEK TEL. CO.
132	310735	WESTPHALIA TEL. CO.
133	320744	CAMDEN TEL. CO., INC.-IN
134	320750	FRONTIER COMM. OF INDIANA, INC.
135	320751	CITIZENS TEL. CORP.-WARREN
136	320756	CRAIGVILLE TEL. CO., INC.
137	320771	GEETINGSVILLE TEL. CO., INC.
138	320777	HOME TEL. CO. OF PITTSBORO, INC.
139	320778	HOME TEL. CO., INC.
140	320790	MONON TEL. CO., INC.
141	320792	MULBERRY COOP. TEL. CO., INC.
142	320796	NEW LISBON TEL. CO., INC.
143	320809	COMM. CORP. OF SOUTHERN INDIANA
144	320816	S & W TEL. CO., INC.
145	320818	SMITHVILLE TEL. CO., INC.
146	320826	SWAYZEE TEL. CO., INC.
147	320827	SWEETSER RURAL TEL. CO., INC.

Appendix A
2004 Average Schedule USF Study
Study Area Code / Study Area Name

Obs	Study Area Code	Study Area Name
148	320829	TIPTON TEL. CO., INC.
149	320830	TRI-COUNTY TEL. CO., INC.-IN
150	320834	WASH. CTY. RURAL TEL. COOP., INC.
151	320837	WEST POINT TEL. CO., INC.
152	320839	YEOMAN TEL. CO., INC.
153	330842	AMERY TELCOM, INC.
154	330843	AMHERST TEL. CO.
155	330846	BALDWIN TELCOM., INC.
156	330847	BELMONT TEL. CO.
157	330848	BERGEN TEL. CO.
158	330849	BLACK EARTH TEL. CO.
159	330850	BLOOMER TEL. CO.
160	330851	BONDUEL TEL. CO.
161	330856	BURLINGTON BRIGHTON & WHEATLAND TEL.
162	330863	CITIZENS TEL. COOP., INC.-WI
163	330865	CLEAR LAKE TEL. CO., INC.-WI
164	330866	COCHRANE COOP. TEL. CO.
165	330868	COON VALLEY FARMERS TEL. CO., INC.
166	330872	CUBA CITY TEL. EXCH. CO.
167	330875	DICKEYVILLE TEL. CO.
168	330879	FARMERS IND. TEL. CO.-WI
169	330880	FARMERS TEL. CO.-WI
170	330881	MID-PLAINS TEL., INC.
171	330889	HAGER TELECOM, INC.
172	330892	HILLSBORO TEL. CO., INC.
173	330896	LAKEFIELD TEL. CO.
174	330899	LA VALLE TEL. COOP.
175	330900	LEMONWEIR VALLEY TEL. CO.
176	330902	LUCK TEL. CO.
177	330905	MANAWA TEL. CO.
178	330914	EASTCOAST TELECOM, INC.
179	330915	MOSINEE TEL. CO.
180	330925	BAYLAND TEL, INC.
181	330930	GRANTLAND TELECOM, INC.
182	330938	NORTHEAST TEL. CO.
183	330942	RICHLAND-GRANT TEL. COOP., INC.
184	330943	RIVERSIDE TELECOM, INC.
185	330944	FRONTIER COMM.-ST. CROIX LLC
186	330945	SCANDINAVIA TEL. CO.
187	330946	SHARON TEL. CO.
188	330949	SIREN TEL. CO., INC.
189	330951	SOMERSET TEL. CO., INC.
190	330955	STATE LONG DISTANCE TEL. CO.
191	330960	TRI-COUNTY TEL. COOP., INC.-WI
192	330962	UNION TEL. CO.
193	330966	VERNON TEL. COOP.
194	330967	FRONTIER COMM. OF VIROQUA LLC
195	330968	WAUNAKEE TEL. CO.
196	330970	CENTURYTEL OF THE MIDWEST-WI/WAYSIDE

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2004 Average Schedule USF Study
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Obs	Study Area Code	Study Area Name
197	330971	WEST WISCONSIN TELCOM COOP., INC.
198	340976	ADAMS TEL. COOP.
199	340983	CAMBRIDGE TEL. CO.-IL
200	340990	CLARKSVILLE MUTUAL TEL. CO.
201	340993	CROSSVILLE TEL. CO.
202	340998	FRONTIER COMM. OF DEPUE, INC.
203	341016	GENESEO TEL. CO.
204	341017	GLASFORD TEL. CO.
205	341021	THE GRANDVIEW MUTUAL TEL. CO.
206	341024	HAMILTON COUNTY TELEPHONE CO-OP
207	341029	HENRY COUNTY TEL. CO.
208	341041	KINSMAN MUTUAL TEL. CO.
209	341046	LEONORE MUTUAL TEL. CO.
210	341050	MARSEILLES TEL. CO. OF MARS.
211	341053	METAMORA TEL. CO.
212	341054	MID CENTURY TEL. COOP., INC.
213	341062	NEW WINDSOR TEL. CO.
214	341075	REYNOLDS TEL. CO.
215	341086	TONICA TEL. CO.
216	341087	VIOLA HOME TEL. CO.
217	341092	STELLE TEL. CO.
218	351097	ANDREW TEL. CO., INC.
219	351098	ARCADIA TEL. COOP.
220	351101	ATKINS TEL. CO.
221	351107	BALDWIN-NASHVILLE TEL. CO., INC.
222	351108	BARNES CITY COOP. TEL. CO.
223	351112	BREDA TEL. COOP.
224	351113	BROOKLYN MUTUAL TEL. CO.
225	351114	THE BURT TEL. CO.
226	351115	BUTLER-BREMER MUT. TEL. CO.
227	351118	CASCADE COMMUNICATIONS COMPANY
228	351119	CASEY MUTUAL TEL. CO.
229	351121	CENTER JUNCTION TEL. CO., INC.
230	351125	CENTRAL SCOTT TEL.
231	351126	CenturyTel of Chester, Inc.
232	351130	CLARENCE TEL. CO., INC.
233	351133	C-M-L TEL. COOP. ASSN.
234	351134	COLO TEL. CO.
235	351136	COON CREEK TEL. CO.
236	351137	COON VALLEY COOP. TEL. ASSN., INC.
237	351139	COOP. TEL. CO.
238	351141	CORN BELT TEL. CO.
239	351146	CUMBERLAND TEL. CO.
240	351147	DANVILLE MUT. TEL. CO.
241	351149	FARMERS MUTUAL COOPERATIVE TELEPHONE COMPANY
242	351150	DIXON TEL. CO.
243	351152	DUMONT TEL. CO.
244	351153	DUNKERTON TEL. COOP., INC.
245	351157	ELLSWORTH COOP. TEL. ASSN.

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Obs	Study Area Code	Study Area Name
246	351160	FARMERS & BUSINESSMEN'S TEL. CO.
247	351162	FARMERS COOP. TEL. CO.-DYSART
248	351166	FARMERS & MERCHANTS MUTUAL TEL. CO.
249	351168	FARMERS MUTUAL COOP TEL CO- HARLAN
250	351169	FARMERS MUTUAL COOP. TEL. CO.-MOULTON
251	351171	FARMERS MUTUAL TEL. CO.-JESUP
252	351172	FARMERS MUTUAL TEL. CO.-NORA SPRINGS
253	351173	FARMERS MUTUAL TEL. COOP.-SHELLSBURG
254	351174	FARMERS MUTUAL TEL. CO.-STANTON
255	351175	FARMERS TEL. CO.-BATAVIA
256	351176	FARMERS TEL. CO.-ESSEX
257	351177	FARMERS TEL. CO.-RICEVILLE
258	351179	FENTON COOP. TEL. CO.
259	351187	PARTNER COMMUNICATIONS COOPERATIVE
260	351188	GOLDFIELD TEL. CO.
261	351189	RIVER VALLEY TEL. COOP.
262	351191	GRAND MOUND COOP. TEL. ASSN.
263	351195	GRISWOLD COOP. TEL. CO.
264	351199	HAWKEYE TEL. CO.
265	351202	HOSPERS TEL. EXCHANGE, INC.
266	351203	HUBBARD COOP. TEL. ASSN.
267	351205	HUXLEY COMMUNICATIONS COOPERATIVE
268	351206	IAMO TEL. CO.-IA
269	351209	INTERSTATE 35 TEL. CO.
270	351212	JEFFERSON TEL. CO.-IA
271	351213	JORDAN SOLDIER VALLEY TELEPHONE COMPANY
272	351217	KEYSTONE FRMS. COOP. TEL. CO.
273	351220	LA PORTE CITY TEL. CO.
274	351222	LA MOTTE TEL. CO.
275	351223	LAUREL TEL. CO., INC.
276	351225	LEHIGH VALLEY COOP. TEL. ASSN.
277	351228	LONE ROCK COOP. TEL. CO.
278	351230	NORTHEAST IOWA TEL. CO.
279	351232	LYNNVILLE TELEPHONE COMPANY
280	351235	FARMERS MUTUAL COOPERATIVE TELEPHONE COMPANY
281	351237	MARNE & ELK HORN TEL. CO.
282	351238	MARTELLE COOP. TEL. ASSN.
283	351239	MASSENA TEL. CO.
284	351241	MECHANICSVILLE TEL. CO.
285	351242	MILES COOP. TEL. ASSN.
286	351243	MILLER TEL. CO.-IA
287	351245	MINBURN TEL. CO.
288	351246	MINERVA VALLEY TEL. CO., INC.
289	351247	MODERN COOP. TEL. CO.
290	351248	MONTEZUMA MUTUAL TEL. CO.
291	351250	MUTUAL TEL. CO. OF MORNING SUN
292	351251	MEDIAPOLIS TEL. CO.
293	351252	MUTUAL TEL. CO.
294	351257	NORTH ENGLISH COOP. TEL. CO.

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Obs	Study Area Code	Study Area Name
295	351259	NORTHERN IOWA TEL. CO.
296	351260	NORTHWEST IOWA TEL. CO., INC.
297	351261	NORTHWEST TEL. COOP.
298	351262	COMMUNICATIONS 1 NETWORK, INC.
299	351263	OGDEN TEL. CO.-IA
300	351264	OLIN TEL. CO., INC.
301	351265	ONSLOW COOP. TEL. ASSN.
302	351266	ORAN MUTUAL TEL. CO.
303	351269	PALO COOP. TEL. ASSN.
304	351270	PALMER MUTUAL TEL. CO.
305	351271	PANORA COOP. TEL. ASSN., INC.
306	351273	PEOPLES TEL. CO.-IA
307	351274	CENTURYTEL OF POSTVILLE, INC.
308	351275	PRAIRIEBURG TEL. CO., INC.
309	351276	PRESTON TEL. CO.
310	351277	RADCLIFFE TEL. CO., INC.
311	351278	READLYN TEL. CO.
312	351280	RINGSTED TEL. CO.
313	351282	ROCKWELL COOP. TEL. ASSN.
314	351283	ROYAL TEL. CO.
315	351284	RUTHVEN TEL. EXCH. CO.
316	351285	SAC COUNTY MUTUAL TEL. CO.
317	351291	SCHALLER TEL. CO.
318	351292	SEARSBORO TEL. CO.
319	351293	SHARON TEL. CO.
320	351294	SCRANTON TEL. CO.
321	351295	SHELL ROCK TEL. CO.
322	351297	HEART OF IOWA COMMUNICATIONS COOP.
323	351298	SOUTH SLOPE COOP. TEL. CO.
324	351301	SOUTHWEST TEL. EXCH., INC.
325	351302	SPRINGVILLE COOP. TEL. ASSN.
326	351303	COOPERATIVE TEL. EXCHANGE
327	351304	SWISHER TEL. CO.
328	351305	STRATFORD MUTUAL TEL. CO.
329	351306	SULLY TEL. ASSOC.
330	351307	SUPERIOR TEL. COOP.
331	351308	TEMPLETON TEL. CO.
332	351309	TERRIL TELEPHONE COOPERATIVE
333	351310	TITONKA TEL. CO.
334	351319	VAN BUREN TEL. CO., INC.
335	351320	VAN HORNE COOP. TEL. CO.
336	351322	VENTURA TEL. CO., INC.
337	351324	VILLISCA FARMERS TEL. CO.
338	351326	WALNUT TEL. CO.
339	351328	WEBSTER-CALHOUN COOP. TEL. ASSN.
340	351329	WELLMAN COOP. TEL. ASSN.
341	351331	WEST IOWA TEL. CO.
342	351332	WEST LIBERTY TEL. CO.
343	351334	WESTERN IOWA TEL. ASSN.

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Obs	Study Area Code	Study Area Name
344	351335	WESTSIDE INDP. TEL. CO.
345	351336	WILTON TEL. CO.
346	351337	WINNEBAGO COOP. TEL. ASSN.-IA
347	351342	WOOLSTOCK MUT. TEL. ASSN.
348	351343	WYOMING MUTUAL TEL. CO.
349	351344	PRAIRIE TEL. CO., INC.
350	351405	HILLS TEL. CO., INC.-IA
351	351424	MABEL COOP. TEL. CO.-IA
352	361337	WINNEBAGO COOP. TEL. ASSN.-MN
353	361347	ALBANY MUTUAL TEL. ASSN., INC.
354	361348	WILDERNESS VALLEY TELEPHONE COMPANY, INC.
355	361353	CITY OF BARNESVILLE TEL. CO.
356	361356	BENTON COOP. TEL. CO.
357	361358	BLUE EARTH VALLEY TEL. CO.
358	361362	BRIDGEWATER TEL. CO.
359	361365	CALLAWAY TEL. CO.
360	361372	CLEMENTS TEL. CO.
361	361373	CONSOLIDATED TEL. CO.-MN
362	361375	MID-COMMUNICATIONS, INC. dba HICKORYTECH
363	361380	DELAVAN TEL. CO.
364	361381	DUNNELL TEL. CO., INC.
365	361384	EASTON TEL. CO.
366	361389	FARMERS MUTUAL TEL. CO.-BELLINGHAM
367	361390	FEDERATED TEL. COOP.
368	361396	GARDONVILLE COOP. TEL. ASSN.
369	361401	HALSTAD TEL. CO.
370	361403	FEDERATED UTILITIES, INC. DBA HANCOCK TEL. CO
371	361404	HARMONY TEL. CO.
372	361405	HILLS TEL. CO., INC.-MN
373	361408	HOME TEL. CO.-MN
374	361409	HUTCHINSON TELEPHONE COMPANY
375	361412	KASSON & MANTORVILLE TEL. CO.
376	361413	MID STATE TEL. CO. DBA KMP TEL. CO.
377	361419	LISMORE COOPERATIVE TELEPHONE CO.
378	361422	LONSDALE TELEPHONE COMPANY
379	361423	LOWRY TELEPHONE COMPANY, LLC
380	361424	MABEL COOPERATIVE TELEPHONE CO.- MN
381	361425	CHRISTENSEN COMM. CO. DBA MADELIA TEL. CO.
382	361426	MANCHESTER-HARTLAND TELEPHONE CO.
383	361427	MANKATO CITIZENS TELEPHONE CO dba HICKORYTECH
384	361430	MELROSE TELEPHONE COMPANY
385	361431	MIDWEST TEL. CO.
386	361437	MINNESOTA LAKE TELEPHONE COMPANY
387	361439	MINNESOTA VALLEY TEL. CO. INC.
388	361440	CANNON VALLEY TELECOM, INC.
389	361443	LORETEL SYSTEMS, INC.
390	361448	OSAKIS TELEPHONE COMPANY
391	361450	PARK REGION MUTUAL TEL. CO.
392	361472	REDWOOD COUNTY TEL. CO.

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Obs	Study Area Code	Study Area Name
393	361474	ROTHSAY TELEPHONE COMPANY INC.
394	361475	RUNESTONE TEL. ASSN.
395	361476	SACRED HEART TEL. CO.
396	361479	SCOTT RICE TEL. CO. dba INTEGRA TELECOM
397	361482	SHERBURNE COUNTY RURAL TEL. CO.
398	361485	SPRING GROVE COOP TEL CO
399	361487	STARBUCK TEL. CO.
400	361494	UPSALA COOPERATIVE TELEPHONE ASSN.
401	361495	VALLEY TEL. CO.-MN
402	361499	CROSSLAKE TELEPHONE COMPANY
403	361500	NORTHERN TELEPHONE COMPANY OF MN
404	361502	WESTERN TELEPHONE COMPANY
405	361505	WIKSTROM TELEPHONE COMPANY INC.
406	361507	WINSTED TELEPHONE COMPANY
407	361508	WINTHROP TEL. CO.
408	361510	WOODSTOCK TELEPHONE COMPANY
409	361512	WOLVERTON TELEPHONE COMPANY
410	361515	ZUMBROTA TELEPHONE COMPANY
411	361654	INTERSTATE TELECOMMUNICATIONS COOP., INC.-MN
412	371530	CONSOLIDATED TELCO, INC.
413	371532	CONSOLIDATED TELEPHONE COMPANY- NE
414	371555	HAMILTON TELEPHONE COMPANY
415	371556	HARTINGTON TEL. CO.
416	371561	HERSHEY COOPERATIVE TELEPHONE CO
417	371562	CONSOLIDATED TELECOM, INC.
418	371563	HOOPER TELEPHONE COMPANY
419	371565	K & M TELEPHONE COMPANY INC.
420	371581	PIERCE TELEPHONE COMPANY
421	371582	PLAINVIEW TELEPHONE COMPANY INC.
422	371590	SODTOWN TEL. CO.
423	381509	WOLVERTON TEL. CO.
424	381601	ABSARAKA COOP TELEPHONE CO.
425	381614	POLAR TELECOMMUNICATIONS, INC.
426	381615	GRIGGS COUNTY TELEPHONE COMPANY
427	381622	MOORE & LIBERTY TELEPHONE COMPANY
428	381623	NOONAN FARMERS TELEPHONE COMPANY
429	381625	NORTHWEST COMMUNICATIONS COOPERATIVE
430	381631	RED RIVER RURAL TEL. ASSN.
431	381638	MIDSTATE COMMUNICATIONS INC.
432	383303	SRT COMMUNICATIONS, INC.
433	391640	ARMOUR INDEPENDENT TELEPHONE CO.
434	391642	ALLIANCE COMMUNICATIONS COOP., INC. (BALTIC)
435	391649	BERESFORD MUNICIPAL TEL. CO.
436	391650	CITY OF BROOKINGS MUNICIPAL TEL. DEPT.
437	391653	CITY OF FAITH MUNICIPAL TEL CO
438	391654	INTERSTATE TELECOMMUNICATIONS COOP., INC.
439	391657	ALLIANCE COMMUNICATIONS COOP. INC (SPLITROCK)
440	391660	MT. RUSHMORE TEL. CO.
441	391664	JAMES VALLEY COOPERATIVE TEL CO

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Obs	Study Area Code	Study Area Name
442	391669	MCCOOK COOPERATIVE TELEPHONE CO.
443	391671	WEST RIVER TELECOMMUNICATIONS COOP.(MOBRIDGE)
444	391674	ROBERTS COUNTY TEL. COOP. ASSN.
445	391677	SIOUX VALLEY TELEPHONE COMPANY
446	391682	TRI-COUNTY TELCOM, INC.
447	391684	UNION TELEPHONE COMPANY
448	391688	WESTERN TELEPHONE COMPANY
449	401704	LAVACA TELEPHONE-AR
450	401710	MAGAZINE TELEPHONE COMPANY
451	401712	MOUNTAIN VIEW TELEPHONE COMPANY
452	401722	E. RITTER TELEPHONE COMPANY
453	411791	LA HARPE TELEPHONE COMPANY INC.
454	421206	IAMO TELEPHONE COMPANY - MO
455	421759	CRAW-KAN TELEPHONE COOP INC - MO
456	421860	ALMA COMMUNICATIONS COMPANY DBA ALMA TEL. CO.
457	421876	FARBER TELEPHONE COMPANY
458	421893	CHOCTAW TELEPHONE COMPANY
459	421900	KLM TEL. CO.
460	421932	LATHROP TELEPHONE COMPANY
461	421936	PEACE VALLEY TELEPHONE CO.
462	421942	ROCK PORT TEL. CO.
463	431704	LAVACA TELEPHONE CO.- OK
464	431968	BEGGS TELEPHONE COMPANY
465	432141	SANTA ROSA TELEPHONE COOP. INC.
466	442038	BLOSSOM TELEPHONE COMPANY
467	442043	NORTH TEXAS TELEPHONE COMPANY
468	442107	LIVINGSTON TELEPHONE COMPANY
469	462198	PINE DRIVE TEL. CO.
470	462206	STONEHAM COOPERATIVE TEL. CO.
471	462210	WILLARD TEL. CO.
472	472227	MUD LAKE TELEPHONE COOPERATIVE ASSN. INC.
473	482252	RONAN TEL. CO.
474	502279	GUNNISON TEL. CO.
475	502282	MANTI TELEPHONE COMPANY
476	502283	SKYLINE TELECOM
477	522430	MCDANIEL TELEPHONE COMPANY
478	532386	MT. ANGEL TELEPHONE COMPANY
479	532391	PEOPLES TELEPHONE CO. - OR
480	532396	ST. PAUL COOP. TEL. ASSN.
481	532399	STAYTON COOP. TEL CO
482	613005	CIRCLE UTILITIES
483	613026	NORTH COUNTRY TELEPHONE COMPANY

Appendix B
Estimated 2005 Monthly Local Switching Support Amounts

Obs	Study Area Code	Forecasted December 2005 Access Lines	Current 2004 Support	Proposed 2005 Support	Change In Support	Per Cent Change	Change Per Line
1	351292	341	24,415	5,347	-19,068	-78.10%	-$14.76
2	341046	160	2,165	985	-1,180	-54.50%	-$7.46
3	351309	458	8,173	5,127	-3,046	-37.27%	-$6.57
4	613005	43	1,006	865	-141	-14.02%	-$6.36
5	381623	229	3,512	2,349	-1,163	-33.12%	-$5.63
6	361372	215	2,707	1,452	-1,255	-46.36%	-$5.61
7	351188	581	6,281	3,454	-2,827	-45.01%	-$4.92
8	391682	430	4,986	3,022	-1,964	-39.39%	-$4.28
9	351283	391	7,522	4,285	-3,237	-43.03%	-$4.15
10	351213	350	10,396	4,078	-6,318	-60.77%	-$4.10
11	381601	47	932	746	-186	-19.96%	-$3.54
12	361425	1,724	13,616	8,370	-5,246	-38.53%	-$2.76
13	351320	619	6,578	4,912	-1,666	-25.33%	-$2.25
14	340990	249	1,764	1,304	-460	-26.08%	-$1.90
15	351136	945	3,135	2,773	-362	-11.55%	-$1.90
16	421900	1,596	13,453	10,063	-3,390	-25.20%	-$1.81
17	381625	5,266	37,114	31,342	-5,772	-15.55%	-$1.66
18	361495	772	9,231	8,170	-1,061	-11.49%	-$1.66
19	361500	34	952	753	-199	-20.90%	-$1.65
20	320796	1,224	3,969	3,534	-435	-10.96%	-$1.65
21	361485	1,293	12,163	9,580	-2,583	-21.24%	-$1.55
22	361408	1,992	13,689	10,909	-2,780	-20.31%	-$1.54
23	330892	1,757	10,991	8,070	-2,921	-26.58%	-$1.52
24	361348	70	812	726	-86	-10.59%	-$1.40
25	351126	203	3,243	2,869	-374	-11.53%	-$1.38
26	341024	2,512	20,124	15,799	-4,325	-21.49%	-$1.38
27	371562	1,336	11,388	9,151	-2,237	-19.64%	-$1.35
28	351230	2,213	13,512	11,852	-1,660	-12.29%	-$1.29
29	351247	958	6,198	4,882	-1,316	-21.23%	-$1.28
30	361384	269	2,037	1,903	-134	-6.58%	-$1.24
31	340983	1,755	14,101	11,352	-2,749	-19.50%	-$1.23
32	170277	40	1,037	916	-121	-11.67%	-$1.22
33	361499	2,630	15,382	11,940	-3,442	-22.38%	-$1.21
34	371530	1,607	18,350	16,013	-2,337	-12.74%	-$1.21
35	371532	3,017	26,169	22,350	-3,819	-14.59%	-$1.13
36	361423	897	5,815	4,885	-930	-15.99%	-$1.13
37	361404	1,025	8,840	7,514	-1,326	-15.00%	-$1.13
38	371563	1,196	8,390	6,654	-1,736	-20.69%	-$1.12
39	361353	1,325	9,862	8,837	-1,025	-10.39%	-$1.07
40	330850	3,478	19,181	14,785	-4,396	-22.92%	-$1.03
41	351243	95	1,217	1,070	-147	-12.08%	-$1.03
42	462206	78	1,144	1,050	-94	-8.22%	-$1.02
43	351269	504	4,543	3,896	-647	-14.24%	-$1.01
44	371582	1,064	7,996	6,645	-1,351	-16.90%	-$1.00

Appendix B
Estimated 2005 Monthly Local Switching Support Amounts

Obs	Study Area Code	Forecasted December 2005 Access Lines	Current 2004 Support	Proposed 2005 Support	Change In Support	Per Cent Change	Change Per Line
45	351152	1,517	13,288	11,285	-2,003	-15.07%	-$1.00
46	442038	1,457	15,636	13,557	-2,079	-13.30%	-$0.97
47	300625	1,868	9,524	7,176	-2,348	-24.65%	-$0.95
48	330951	2,939	26,282	24,338	-1,944	-7.40%	-$0.93
49	330848	214	3,188	2,920	-268	-8.41%	-$0.91
50	351168	1,856	21,857	19,397	-2,460	-11.25%	-$0.90
51	341075	551	4,690	4,105	-585	-12.47%	-$0.90
52	351238	304	2,053	1,628	-425	-20.70%	-$0.88
53	391677	5,843	36,054	30,763	-5,291	-14.68%	-$0.88
54	170171	1,311	10,713	9,309	-1,404	-13.11%	-$0.86
55	351308	385	2,941	2,503	-438	-14.89%	-$0.85
56	320790	1,763	16,495	13,824	-2,671	-16.19%	-$0.84
57	371556	1,594	16,504	14,610	-1,894	-11.48%	-$0.84
58	351108	178	1,408	1,206	-202	-14.35%	-$0.84
59	190243	2,912	18,075	16,698	-1,377	-7.62%	-$0.83
60	351097	370	2,329	1,956	-373	-16.02%	-$0.83
61	320827	1,879	12,506	10,470	-2,036	-16.28%	-$0.82
62	341029	1,505	10,128	8,514	-1,614	-15.94%	-$0.82
63	361389	1,128	9,682	8,460	-1,222	-12.62%	-$0.82
64	300663	376	2,673	2,145	-528	-19.75%	-$0.81
65	341092	96	1,006	919	-87	-8.65%	-$0.80
66	190220	149	1,766	1,650	-116	-6.57%	-$0.78
67	371565	666	5,610	5,016	-594	-10.59%	-$0.77
68	351222	715	4,050	3,580	-470	-11.60%	-$0.75
69	391688	1,097	8,449	7,424	-1,025	-12.13%	-$0.75
70	351271	1,968	16,862	13,939	-2,923	-17.33%	-$0.75
71	320751	2,537	20,607	17,951	-2,656	-12.89%	-$0.74
72	462210	68	1,230	1,162	-68	-5.53%	-$0.74
73	361422	1,815	9,975	8,643	-1,332	-13.35%	-$0.74
74	351274	1,767	17,981	15,937	-2,044	-11.37%	-$0.73
75	100019	6,422	38,452	32,569	-5,883	-15.30%	-$0.73
76	351322	532	3,826	3,217	-609	-15.92%	-$0.71
77	381622	963	8,631	7,830	-801	-9.28%	-$0.70
78	341017	1,312	7,114	5,782	-1,332	-18.72%	-$0.69
79	361347	3,584	18,216	15,647	-2,569	-14.10%	-$0.68
80	381615	2,017	17,953	16,207	-1,746	-9.73%	-$0.67
81	371555	6,233	40,399	35,086	-5,313	-13.15%	-$0.67
82	300614	919	4,404	3,620	-784	-17.80%	-$0.66
83	371561	740	6,183	5,541	-642	-10.38%	-$0.65
84	351139	1,551	9,090	7,810	-1,280	-14.08%	-$0.65
85	442043	889	5,228	4,478	-750	-14.35%	-$0.65
86	320816	553	2,780	2,429	-351	-12.63%	-$0.63
87	341021	99	1,169	1,107	-62	-5.30%	-$0.63
88	502282	1,635	26,387	12,225	-14,162	-53.67%	-$0.62

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Obs	Study Area Code	Forecasted December 2005 Access Lines	Current 2004 Support	Proposed 2005 Support	Change In Support	Per Cent Change	Change Per Line
89	330966	7,595	38,062	32,660	-5,402	-14.19%	-$0.62
90	330925	2,391	12,280	10,631	-1,649	-13.43%	-$0.61
91	300639	1,235	6,687	6,063	-624	-9.33%	-$0.61
92	190248	6,197	47,994	43,208	-4,786	-9.97%	-$0.61
93	290584	1,923	19,666	17,515	-2,151	-10.94%	-$0.61
94	361494	1,137	6,131	5,457	-674	-10.99%	-$0.56
95	351113	1,654	7,682	6,621	-1,061	-13.81%	-$0.55
96	100020	7,094	38,080	33,251	-4,829	-12.68%	-$0.55
97	361472	7,570	29,666	23,980	-5,686	-19.17%	-$0.55
98	351332	4,174	24,035	22,040	-1,995	-8.30%	-$0.54
99	391649	1,440	10,148	9,125	-1,023	-10.08%	-$0.54
100	351294	544	4,252	3,874	-378	-8.89%	-$0.54
101	351329	1,401	6,889	5,892	-997	-14.47%	-$0.54
102	361380	311	2,842	2,553	-289	-10.17%	-$0.54
103	351187	1,399	5,939	5,032	-907	-15.27%	-$0.53
104	361475	4,708	23,089	20,122	-2,967	-12.85%	-$0.53
105	351324	1,205	8,631	7,542	-1,089	-12.62%	-$0.53
106	351147	1,026	6,247	5,529	-718	-11.49%	-$0.52
107	351172	2,394	15,059	13,449	-1,610	-10.69%	-$0.52
108	351266	267	1,689	1,460	-229	-13.56%	-$0.52
109	351173	2,564	15,302	13,808	-1,494	-9.76%	-$0.52
110	371590	94	1,071	1,001	-70	-6.54%	-$0.51
111	351228	281	1,855	1,649	-206	-11.11%	-$0.51
112	351160	1,361	8,295	7,508	-787	-9.49%	-$0.49
113	351307	189	2,079	1,912	-167	-8.03%	-$0.49
114	351264	780	4,569	4,047	-522	-11.42%	-$0.49
115	170195	525	4,479	3,969	-510	-11.39%	-$0.48
116	351282	1,298	7,839	7,028	-811	-10.35%	-$0.48
117	351189	950	6,443	5,868	-575	-8.92%	-$0.47
118	351248	2,354	10,742	9,511	-1,231	-11.46%	-$0.47
119	351118	1,899	9,441	8,456	-985	-10.43%	-$0.47
120	381509	330	3,105	2,843	-262	-8.44%	-$0.46
121	320792	2,920	13,962	12,222	-1,740	-12.46%	-$0.46
122	351223	316	1,655	1,482	-173	-10.45%	-$0.45
123	351293	1,250	8,048	7,391	-657	-8.16%	-$0.45
124	351191	619	3,392	3,188	-204	-6.01%	-$0.45
125	351295	912	6,823	6,177	-646	-9.47%	-$0.45
126	341053	4,114	23,639	21,536	-2,103	-8.90%	-$0.44
127	391660	6,443	41,205	37,128	-4,077	-9.89%	-$0.43
128	351337	6,879	39,661	35,040	-4,621	-11.65%	-$0.42
129	351276	1,317	5,269	4,838	-431	-8.18%	-$0.42
130	351303	647	4,125	3,760	-365	-8.85%	-$0.42
131	351241	844	4,580	4,105	-475	-10.37%	-$0.42
132	351153	759	4,422	4,048	-374	-8.46%	-$0.42

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133	351202	749	5,080	4,649	-431	-8.48%	-$0.42
134	341086	551	3,985	3,659	-326	-8.18%	-$0.41
135	320826	1,119	6,548	5,878	-670	-10.23%	-$0.41
136	361437	587	4,364	3,657	-707	-16.20%	-$0.40
137	351310	567	3,540	3,204	-336	-9.49%	-$0.40
138	361507	1,819	8,054	6,970	-1,084	-13.46%	-$0.40
139	320771	718	4,708	4,344	-364	-7.73%	-$0.39
140	330945	3,088	13,922	12,448	-1,474	-10.59%	-$0.39
141	351319	3,248	14,850	14,530	-320	-2.15%	-$0.39
142	351166	788	4,515	4,003	-512	-11.34%	-$0.39
143	330868	2,546	13,493	12,130	-1,363	-10.10%	-$0.38
144	330962	4,871	24,541	22,056	-2,485	-10.13%	-$0.38
145	351344	1,038	8,627	7,955	-672	-7.79%	-$0.38
146	351174	1,223	9,072	8,452	-620	-6.83%	-$0.38
147	361502	2,401	13,067	11,936	-1,131	-8.66%	-$0.36
148	361474	574	3,831	3,832	1	0.03%	-$0.34
149	190236	1,080	7,548	7,113	-435	-5.76%	-$0.33
150	532396	641	4,370	4,115	-255	-5.84%	-$0.32
151	361401	1,547	15,958	15,059	-899	-5.63%	-$0.32
152	351125	6,101	32,928	30,414	-2,514	-7.63%	-$0.32
153	351335	353	2,606	2,586	-20	-0.77%	-$0.32
154	341054	4,589	23,956	21,718	-2,238	-9.34%	-$0.31
155	391640	1,616	11,194	10,578	-616	-5.50%	-$0.30
156	351328	4,914	29,016	26,316	-2,700	-9.31%	-$0.30
157	330843	5,314	24,389	22,051	-2,338	-9.59%	-$0.29
158	361424	791	7,562	7,200	-362	-4.79%	-$0.29
159	351130	839	5,109	4,690	-419	-8.20%	-$0.29
160	320756	1,369	7,969	7,495	-474	-5.95%	-$0.29
161	330866	1,411	10,997	10,267	-730	-6.64%	-$0.29
162	290583	4,638	20,724	19,053	-1,671	-8.06%	-$0.29
163	351259	2,529	18,167	16,729	-1,438	-7.92%	-$0.28
164	421942	1,966	15,698	14,901	-797	-5.08%	-$0.28
165	351209	1,376	8,713	7,977	-736	-8.45%	-$0.27
166	381638	1,069	11,707	11,096	-611	-5.22%	-$0.27
167	361396	3,495	13,340	12,962	-378	-2.83%	-$0.27
168	290559	22,928	72,377	61,861	-10,516	-14.53%	-$0.27
169	361373	9,880	18,510	14,744	-3,766	-20.35%	-$0.26
170	351115	3,214	12,116	11,601	-515	-4.25%	-$0.26
171	260412	1,600	8,874	8,289	-585	-6.59%	-$0.25
172	351157	694	4,187	3,970	-217	-5.18%	-$0.25
173	140064	3,672	32,109	30,499	-1,610	-5.01%	-$0.25
174	351242	734	4,216	3,915	-301	-7.14%	-$0.25
175	351205	1,820	10,655	10,005	-650	-6.10%	-$0.25
176	310688	1,403	6,869	6,154	-715	-10.41%	-$0.24

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177	300633	810	4,801	4,482	-319	-6.64%	-$0.24
178	330847	890	5,089	4,816	-273	-5.36%	-$0.24
179	351304	995	5,329	5,000	-329	-6.17%	-$0.23
180	351237	1,500	10,362	9,766	-596	-5.75%	-$0.23
181	260396	6,881	35,415	32,959	-2,456	-6.93%	-$0.23
182	351342	237	1,609	1,491	-118	-7.33%	-$0.22
183	351175	422	2,409	2,243	-166	-6.89%	-$0.22
184	351199	484	3,029	2,848	-181	-5.98%	-$0.22
185	190239	972	6,622	6,412	-210	-3.17%	-$0.22
186	230495	4,579	19,822	17,923	-1,899	-9.58%	-$0.22
187	351251	2,116	12,480	11,529	-951	-7.62%	-$0.21
188	330881	33,895	71,730	59,526	-12,204	-17.01%	-$0.21
189	330970	6,811	32,341	30,189	-2,152	-6.65%	-$0.21
190	140053	875	6,262	6,145	-117	-1.87%	-$0.21
191	351245	446	3,256	3,071	-185	-5.68%	-$0.21
192	361419	323	2,749	2,560	-189	-6.88%	-$0.21
193	351298	12,171	36,680	29,639	-7,041	-19.20%	-$0.21
194	250312	7,334	49,020	45,032	-3,988	-8.14%	-$0.20
195	371581	1,912	10,202	9,559	-643	-6.30%	-$0.20
196	351150	640	4,141	3,870	-271	-6.54%	-$0.20
197	330899	2,108	10,664	10,125	-539	-5.05%	-$0.19
198	330905	2,569	12,525	11,503	-1,022	-8.16%	-$0.19
199	250322	4,724	36,641	36,162	-479	-1.31%	-$0.18
200	391671	2,633	20,516	19,716	-800	-3.90%	-$0.18
201	330875	1,246	7,530	7,059	-471	-6.25%	-$0.16
202	300619	1,224	4,428	4,066	-362	-8.18%	-$0.16
203	502279	1,648	12,592	12,056	-536	-4.26%	-$0.16
204	230497	3,339	16,038	14,790	-1,248	-7.78%	-$0.16
205	280460	6,445	29,724	28,149	-1,575	-5.30%	-$0.16
206	330872	1,934	12,017	11,440	-577	-4.80%	-$0.15
207	351177	1,691	11,928	11,387	-541	-4.54%	-$0.15
208	361409	12,871	24,438	21,431	-3,007	-12.30%	-$0.15
209	361337	829	6,731	6,435	-296	-4.40%	-$0.15
210	200258	1,536	14,886	14,031	-855	-5.74%	-$0.15
211	300662	808	3,074	3,007	-67	-2.18%	-$0.14
212	351273	824	5,464	5,236	-228	-4.17%	-$0.13
213	351239	670	5,048	4,894	-154	-3.05%	-$0.13
214	230494	1,918	15,596	15,213	-383	-2.46%	-$0.12
215	351225	1,963	8,971	8,243	-728	-8.12%	-$0.12
216	351179	339	2,242	2,156	-86	-3.84%	-$0.12
217	280467	1,309	6,669	6,426	-243	-3.64%	-$0.12
218	351343	677	4,695	4,405	-290	-6.18%	-$0.12
219	361505	6,509	32,049	30,177	-1,872	-5.84%	-$0.12
220	361365	320	2,554	2,652	98	3.84%	-$0.11

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221	361512	178	1,685	1,638	-47	-2.79%	-$0.11
222	361479	19,026	38,616	36,023	-2,593	-6.71%	-$0.10
223	330889	2,009	16,463	16,068	-395	-2.40%	-$0.10
224	340998	724	5,287	4,846	-441	-8.34%	-$0.10
225	421932	1,518	8,390	8,288	-102	-1.22%	-$0.10
226	330915	5,295	27,349	26,123	-1,226	-4.48%	-$0.09
227	330938	9,357	31,173	28,974	-2,199	-7.05%	-$0.09
228	351098	323	2,437	2,328	-109	-4.47%	-$0.09
229	300664	1,163	5,466	4,919	-547	-10.01%	-$0.09
230	150088	5,453	25,226	24,008	-1,218	-4.83%	-$0.09
231	330943	3,819	14,425	13,695	-730	-5.06%	-$0.09
232	310692	731	3,894	3,711	-183	-4.70%	-$0.08
233	351291	1,737	17,401	17,007	-394	-2.26%	-$0.08
234	351246	827	5,148	4,949	-199	-3.87%	-$0.07
235	351134	748	4,049	3,820	-229	-5.66%	-$0.07
236	330856	4,124	25,410	24,063	-1,347	-5.30%	-$0.06
237	230505	3,831	16,223	15,747	-476	-2.93%	-$0.06
238	351133	825	6,227	5,892	-335	-5.38%	-$0.06
239	300604	1,827	9,367	8,344	-1,023	-10.92%	-$0.06
240	351203	838	4,432	4,222	-210	-4.74%	-$0.05
241	260417	2,193	9,223	8,941	-282	-3.06%	-$0.05
242	320778	2,305	7,849	7,484	-365	-4.65%	-$0.05
243	351280	382	2,960	2,859	-101	-3.41%	-$0.05
244	270428	1,577	6,679	6,654	-25	-0.37%	-$0.05
245	330880	7,034	24,527	23,504	-1,023	-4.17%	-$0.04
246	532386	1,985	11,929	11,465	-464	-3.89%	-$0.04
247	300585	870	3,742	3,632	-110	-2.94%	-$0.04
248	240536	14,272	38,154	35,735	-2,419	-6.34%	-$0.04
249	351121	144	1,298	1,258	-40	-3.08%	-$0.03
250	190250	24,470	48,295	45,204	-3,091	-6.40%	-$0.03
251	391674	2,139	18,748	18,561	-187	-1.00%	-$0.03
252	383303	42,568	104,811	95,024	-9,787	-9.34%	-$0.03
253	330846	4,755	35,528	34,568	-960	-2.70%	-$0.03
254	361413	2,024	8,830	8,507	-323	-3.66%	-$0.03
255	340976	4,431	33,424	32,251	-1,173	-3.51%	-$0.03
256	190253	2,487	22,497	21,354	-1,143	-5.08%	-$0.02
257	300589	708	4,263	4,273	10	0.23%	-$0.02
258	340993	656	6,138	5,926	-212	-3.45%	-$0.02
259	300588	1,155	7,307	7,212	-95	-1.30%	-$0.02
260	330971	6,363	37,962	37,165	-797	-2.10%	-$0.02
261	170210	1,340	13,228	12,402	-826	-6.24%	-$0.01
262	170200	2,401	13,351	12,928	-423	-3.17%	-$0.01
263	361482	15,618	24,605	25,085	480	1.95%	-$0.01
264	330849	1,663	6,569	6,350	-219	-3.33%	-$0.01

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265	361508	1,179	7,925	7,582	-343	-4.33%	-$0.01
266	320834	3,790	25,924	25,502	-422	-1.63%	$0.00
267	170161	323,251	0	0	0	0.00%	$0.00
268	170162	57,797	0	0	0	0.00%	$0.00
269	170165	57,630	0	0	0	0.00%	$0.00
270	170193	72,239	0	0	0	0.00%	$0.00
271	230491	120,269	0	0	0	0.00%	$0.00
272	300618	4,132	18,724	18,117	-607	-3.24%	$0.00
273	341050	3,853	31,885	30,249	-1,636	-5.13%	$0.01
274	320744	1,824	8,265	7,251	-1,014	-12.27%	$0.01
275	613026	179	1,666	1,580	-86	-5.16%	$0.01
276	351285	1,086	6,184	5,984	-200	-3.23%	$0.01
277	320750	2,546	12,029	11,408	-621	-5.16%	$0.02
278	361430	10,922	17,111	16,749	-362	-2.12%	$0.02
279	300651	404	3,337	3,199	-138	-4.14%	$0.03
280	351171	2,049	8,108	7,969	-139	-1.71%	$0.03
281	330863	2,329	14,966	14,657	-309	-2.06%	$0.04
282	330949	2,815	16,647	16,524	-123	-0.74%	$0.04
283	310669	5,174	21,986	17,520	-4,466	-20.31%	$0.04
284	310676	7,753	25,841	24,565	-1,276	-4.94%	$0.04
285	290554	12,082	25,349	24,989	-360	-1.42%	$0.05
286	330914	6,499	18,026	17,716	-310	-1.72%	$0.05
287	401710	1,057	7,399	7,226	-173	-2.34%	$0.05
288	300659	10,227	19,222	18,302	-920	-4.79%	$0.05
289	330900	3,601	17,309	16,827	-482	-2.78%	$0.05
290	300594	11,151	17,287	16,714	-573	-3.31%	$0.06
291	330967	4,143	18,561	18,432	-129	-0.70%	$0.06
292	310703	2,595	14,191	14,129	-62	-0.44%	$0.06
293	220389	6,927	33,219	32,761	-458	-1.38%	$0.06
294	472227	1,629	16,603	16,941	338	2.04%	$0.06
295	351141	781	4,430	4,299	-131	-2.96%	$0.07
296	330879	3,318	26,153	26,467	314	1.20%	$0.07
297	330955	11,213	22,724	22,979	255	1.12%	$0.07
298	421893	619	4,123	4,162	39	0.95%	$0.07
299	100015	11,977	28,691	27,492	-1,199	-4.18%	$0.07
300	320777	2,806	12,914	13,046	132	1.02%	$0.08
301	330902	2,484	19,035	18,918	-117	-0.61%	$0.08
302	361450	4,835	23,667	23,252	-415	-1.75%	$0.08
303	230496	10,118	15,003	14,853	-150	-1.00%	$0.08
304	230485	11,505	30,829	29,522	-1,307	-4.24%	$0.08
305	300634	3,224	19,534	19,643	109	0.56%	$0.09
306	361440	2,118	13,600	13,264	-336	-2.47%	$0.09
307	351220	1,931	8,626	8,451	-175	-2.03%	$0.09
308	320837	792	4,334	4,331	-3	-0.07%	$0.09

Appendix B
Estimated 2005 Monthly Local Switching Support Amounts

Obs	Study Area Code	Forecasted December 2005 Access Lines	Current 2004 Support	Proposed 2005 Support	Change In Support	Per Cent Change	Change Per Line
309	351112	1,090	7,545	7,504	-41	-0.54%	$0.09
310	230501	36,148	70,150	71,018	868	1.24%	$0.11
311	361405	625	7,122	7,272	150	2.11%	$0.11
312	260398	27,793	66,988	65,549	-1,439	-2.15%	$0.11
313	230511	30,539	50,764	51,509	745	1.47%	$0.11
314	351263	1,895	8,452	8,445	-7	-0.08%	$0.12
315	320830	4,150	12,981	12,645	-336	-2.59%	$0.12
316	361362	8,638	50,111	48,003	-2,108	-4.21%	$0.12
317	220387	24,171	42,699	40,617	-2,082	-4.88%	$0.12
318	290553	35,077	59,151	60,147	996	1.68%	$0.12
319	351137	630	4,343	4,145	-198	-4.56%	$0.13
320	361426	629	4,488	4,125	-363	-8.09%	$0.13
321	330960	4,453	21,539	21,660	121	0.56%	$0.13
322	351302	1,302	5,219	5,130	-89	-1.71%	$0.13
323	401722	4,620	27,862	27,004	-858	-3.08%	$0.13
324	170145	3,066	15,589	15,022	-567	-3.64%	$0.14
325	361443	12,561	31,193	31,672	479	1.54%	$0.14
326	351270	299	2,340	2,329	-11	-0.47%	$0.14
327	330944	9,975	30,570	30,745	175	0.57%	$0.15
328	260414	15,702	35,219	36,215	996	2.83%	$0.15
329	320829	5,184	15,627	15,706	79	0.51%	$0.15
330	170197	1,399	7,590	7,633	43	0.57%	$0.17
331	351162	1,437	7,233	7,092	-141	-1.95%	$0.18
332	330851	2,142	5,775	6,026	251	4.35%	$0.18
333	361448	1,943	11,724	11,791	67	0.57%	$0.18
334	330842	7,271	38,431	39,304	873	2.27%	$0.19
335	330968	7,617	24,954	24,835	-119	-0.48%	$0.19
336	351250	647	3,460	3,462	2	0.06%	$0.19
337	330865	1,671	12,031	12,157	126	1.05%	$0.20
338	351326	802	5,798	5,710	-88	-1.52%	$0.20
339	240515	5,394	23,405	23,782	377	1.61%	$0.20
340	391650	12,788	41,901	41,853	-48	-0.11%	$0.20
341	330946	1,250	12,285	12,286	1	0.01%	$0.21
342	240516	17,686	44,775	45,882	1,107	2.47%	$0.21
343	100022	9,551	25,833	25,555	-278	-1.08%	$0.21
344	170151	21,788	38,132	40,312	2,180	5.72%	$0.21
345	170204	3,107	15,041	15,043	2	0.01%	$0.22
346	341062	636	5,425	5,476	51	0.94%	$0.23
347	351284	820	4,521	4,604	83	1.84%	$0.23
348	432141	718	7,274	7,540	266	3.66%	$0.23
349	280451	2,119	10,356	10,638	282	2.72%	$0.23
350	230478	2,367	15,646	15,919	273	1.74%	$0.23
351	120043	1,743	15,802	16,101	299	1.89%	$0.23
352	361515	2,226	11,482	11,672	190	1.65%	$0.23

Appendix B
Estimated 2005 Monthly Local Switching Support Amounts

Obs	Study Area Code	Forecasted December 2005 Access Lines	Current 2004 Support	Proposed 2005 Support	Change In Support	Per Cent Change	Change Per Line
353	300609	3,955	18,558	18,448	-110	-0.59%	$0.24
354	361358	7,658	28,198	27,734	-464	-1.65%	$0.25
355	351336	1,976	11,431	11,700	269	2.35%	$0.25
356	361487	1,694	7,425	7,739	314	4.23%	$0.26
357	132454	24,218	62,545	65,595	3,050	4.88%	$0.26
358	190238	1,661	13,074	13,641	567	4.34%	$0.26
359	351206	423	4,597	4,522	-75	-1.63%	$0.27
360	260408	6,683	28,949	30,056	1,107	3.82%	$0.27
361	351169	466	4,231	4,184	-47	-1.11%	$0.27
362	391654	14,102	42,285	43,736	1,451	3.43%	$0.27
363	351217	961	5,491	5,515	24	0.44%	$0.28
364	442107	7,771	27,437	28,333	896	3.27%	$0.28
365	462198	925	7,331	7,534	203	2.77%	$0.28
366	421876	195	1,954	1,897	-57	-2.92%	$0.29
367	150076	1,535	8,466	8,257	-209	-2.47%	$0.29
368	361356	4,819	17,504	18,948	1,444	8.25%	$0.30
369	351146	373	3,013	2,996	-17	-0.56%	$0.31
370	300590	1,225	6,576	6,768	192	2.92%	$0.31
371	300656	1,347	6,472	6,443	-29	-0.45%	$0.32
372	300645	1,252	8,114	8,313	199	2.45%	$0.32
373	100005	911	5,779	6,027	248	4.29%	$0.33
374	330942	2,879	19,861	20,520	659	3.32%	$0.33
375	290565	26,902	37,298	44,809	7,511	20.14%	$0.34
376	250301	2,323	20,537	20,465	-72	-0.35%	$0.35
377	351114	429	2,783	2,811	28	1.01%	$0.35
378	250283	11,917	30,685	33,064	2,379	7.75%	$0.36
379	431968	1,913	9,683	10,225	542	5.60%	$0.36
380	361381	243	2,534	2,484	-50	-1.97%	$0.36
381	240532	677	2,543	2,728	185	7.27%	$0.38
382	240535	863	4,942	5,200	258	5.22%	$0.38
383	220380	5,591	21,183	23,036	1,853	8.75%	$0.38
384	150125	8,445	29,356	30,837	1,481	5.04%	$0.38
385	250311	2,482	10,445	11,292	847	8.11%	$0.40
386	361654	1,647	12,083	12,376	293	2.42%	$0.40
387	150112	4,912	24,087	25,090	1,003	4.16%	$0.41
388	190219	4,123	28,361	29,589	1,228	4.33%	$0.42
389	351424	1,010	9,368	9,683	315	3.36%	$0.43
390	220395	4,590	21,500	22,040	540	2.51%	$0.43
391	290570	6,236	29,599	32,064	2,465	8.33%	$0.44
392	391653	386	2,892	3,062	170	5.88%	$0.44
393	287449	945	4,801	5,146	345	7.19%	$0.45
394	381631	4,005	30,899	27,461	-3,438	-11.13%	$0.46
395	230503	14,901	31,820	37,144	5,324	16.73%	$0.46
396	401704	1,758	11,476	11,639	163	1.42%	$0.48

Appendix B
Estimated 2005 Monthly Local Switching Support Amounts

Obs	Study Area Code	Forecasted December 2005 Access Lines	Current 2004 Support	Proposed 2005 Support	Change In Support	Per Cent Change	Change Per Line
397	240546	16,624	45,990	51,590	5,600	12.18%	$0.48
398	351101	813	4,340	4,732	392	9.03%	$0.48
399	361390	2,058	13,108	13,627	519	3.96%	$0.49
400	230500	1,280	8,747	9,444	697	7.97%	$0.50
401	351257	884	3,631	4,001	370	10.19%	$0.50
402	351265	228	1,758	1,732	-26	-1.48%	$0.51
403	532391	1,477	9,071	9,591	520	5.73%	$0.51
404	361439	997	6,349	6,421	72	1.13%	$0.53
405	502283	1,634	24,712	15,266	-9,446	-38.22%	$0.54
406	351195	2,163	14,840	15,397	557	3.75%	$0.56
407	361510	1,404	9,322	9,650	328	3.52%	$0.56
408	351275	225	1,748	1,894	146	8.35%	$0.58
409	320839	1,260	10,220	10,430	210	2.05%	$0.59
410	330896	1,749	8,629	9,335	706	8.18%	$0.59
411	330930	4,197	16,445	18,244	1,799	10.94%	$0.60
412	320809	1,877	9,637	9,891	254	2.64%	$0.60
413	260419	7,998	32,102	35,340	3,238	10.09%	$0.61
414	351305	795	4,025	4,496	471	11.70%	$0.63
415	351176	718	4,941	5,347	406	8.22%	$0.63
416	310735	1,139	6,199	6,523	324	5.23%	$0.64
417	421759	2,709	23,946	25,291	1,345	5.62%	$0.66
418	220324	4,725	28,131	29,662	1,531	5.44%	$0.66
419	361476	498	3,089	3,331	242	7.83%	$0.67
420	351235	610	4,273	4,654	381	8.92%	$0.67
421	351277	513	2,121	2,473	352	16.60%	$0.68
422	361431	2,836	16,526	18,050	1,524	9.22%	$0.68
423	300654	794	6,782	7,426	644	9.50%	$0.69
424	220375	7,930	38,878	39,581	703	1.81%	$0.70
425	361412	4,650	15,306	17,622	2,316	15.13%	$0.70
426	421206	1,172	10,089	10,594	505	5.01%	$0.70
427	361403	751	4,981	5,436	455	9.13%	$0.71
428	341087	786	6,734	6,908	174	2.58%	$0.71
429	220364	7,364	34,904	37,691	2,787	7.98%	$0.74
430	170215	963	5,980	6,320	340	5.69%	$0.75
431	421860	361	2,812	3,069	257	9.14%	$0.75
432	120042	519	2,664	2,652	-12	-0.45%	$0.77
433	351261	1,369	7,513	8,377	864	11.50%	$0.81
434	300591	835	5,855	6,395	540	9.22%	$0.81
435	351252	5,210	33,456	37,272	3,816	11.41%	$0.85
436	351149	279	2,353	2,551	198	8.41%	$0.86
437	300650	1,502	6,499	7,422	923	14.20%	$0.88
438	431704	1,427	11,230	12,113	883	7.86%	$0.97
439	341041	86	1,054	982	-72	-6.83%	$0.98
440	351107	338	2,448	2,708	260	10.62%	$1.00

Appendix B
Estimated 2005 Monthly Local Switching Support Amounts

Obs	Study Area Code	Forecasted December 2005 Access Lines	Current 2004 Support	Proposed 2005 Support	Change In Support	Per Cent Change	Change Per Line
441	351262	636	7,309	3,884	-3,425	-46.86%	$1.00
442	351334	3,848	20,687	24,197	3,510	16.97%	$1.01
443	190237	1,383	10,148	11,432	1,284	12.65%	$1.03
444	170179	6,080	11,711	18,230	6,519	55.67%	$1.04
445	300586	1,341	9,316	10,396	1,080	11.59%	$1.06
446	351119	469	3,757	4,272	515	13.71%	$1.06
447	250285	1,034	8,141	9,023	882	10.83%	$1.12
448	240541	2,253	13,761	15,846	2,085	15.15%	$1.13
449	532399	7,572	33,216	40,447	7,231	21.77%	$1.19
450	421936	523	4,184	4,951	767	18.33%	$1.21
451	310725	1,169	7,798	8,774	976	12.52%	$1.23
452	522430	4,514	19,421	24,896	5,475	28.19%	$1.24
453	310678	1,443	8,614	10,171	1,557	18.08%	$1.24
454	310694	701	4,320	5,222	902	20.88%	$1.31
455	190225	7,210	36,161	46,018	9,857	27.26%	$1.48
456	381614	1,531	17,950	15,930	-2,020	-11.25%	$2.36
457	351297	2,409	12,207	17,926	5,719	46.85%	$2.55
458	391669	2,098	14,088	20,691	6,603	46.87%	$3.46
	Total	2,162,175	6,508,214	6,221,313	-286,901	-4.41%	-$0.13

Appendix C
2004 Average Schedule USF Study
Sample Average Schedule Study Areas
Underlying data - Cost per Loop Calculation

Obs	Actual USF Loop Count	Exchange Count	Sample Weight	Actual Cost per Loop
4	7221	3	1.0000	259.06
4	7289	3	1.0000	243.86
5	10210	3	2.9106	243.93
7	1774	1	0.5000	437.97
7	1794	1	0.5000	410.94
7	1794	1	3.0000	410.94
10	3664	6	3.0000	366.38
14	8716	2	2.5000	238.28
16	22656	2	1.0000	177.60
17	5583	1	2.0000	305.39
18	323456	79	1.0000	248.17
18	334031	79	1.0000	225.58
19	60222	10	1.0000	165.48
20	60417	6	1.0000	250.74
22	5552	1	1.0000	319.50
25	77029	8	1.0000	270.08
27	12574	4	1.0000	297.87
28	1409	1	2.5000	277.55
30	3226	2	3.0438	389.39
32	1035	1	2.5000	443.87
37	37886	4	1.0000	213.96
40	1642	5	3.2845	625.54
42	3081	2	2.0000	254.02
42	3042	2	2.5000	282.89
43	6411	6	1.0000	471.33
44	24449	9	2.0000	342.89
45	2599	1	1.0000	377.95
46	1610	1	0.5000	384.45
49	8729	3	2.0000	442.18
51	27254	2	1.0000	202.67
53	4843	3	4.8348	549.58
55	12184	1	1.0000	328.89
56	132084	3	1.0000	306.99
57	1914	1	2.6692	303.35
63	15477	6	2.5633	394.44
64	3918	3	2.0000	472.21
67	18358	3	1.0000	412.91
73	12877	3	1.0000	285.99
75	2444	2	2.5619	372.80
76	2521	4	2.0000	525.86
78	4606	4	1.0000	524.68
84	2219	1	3.1639	359.18
484	18754	19	1.0000	625.32
484	18716	19	1.5000	638.23
91	36735	17	1.0000	420.39
92	12331	5	1.5000	525.88

Appendix C
2004 Average Schedule USF Study
Sample Average Schedule Study Areas
Underlying data - Cost per Loop Calculation

Obs	Actual USF Loop Count	Exchange Count	Sample Weight	Actual Cost per Loop
93	24045	1	1.0000	316.18
93	23862	1	1.0000	323.79
94	27672	10	1.0000	426.93
99	1432	1	2.5000	358.44
100	1186	1	2.5000	355.22
101	708	1	3.2431	1024.08
104	11829	2	1.0000	354.34
106	4048	1	2.0000	368.18
106	4117	1	1.0000	367.25
122	1334	1	2.5000	286.33
123	5703	1	2.5000	430.20
124	4982	4	1.0000	435.28
127	1425	1	1.0000	203.99
127	1649	1	1.0000	396.86
129	724	1	2.7339	752.56
130	2537	4	3.6448	326.36
132	1237	1	3.3234	473.26
134	2756	1	2.9750	167.74
136	1356	1	6.3261	328.72
139	2410	1	2.5000	344.52
140	2100	1	3.3027	496.84
140	1861	1	2.5000	508.68
145	32584	12	1.0000	409.98
148	5476	1	2.5000	300.06
153	7217	3	4.5740	227.58
154	5242	3	2.0000	401.70
155	4713	2	2.0000	459.68
156	928	1	3.2060	406.17
485	6557	6	1.5000	495.10
164	1441	2	2.0000	330.54
165	2579	3	3.7924	323.33
166	1960	1	2.5000	283.32
167	1444	1	4.1957	358.34
169	7138	4	2.0000	256.76
169	7118	4	4.3996	228.76
171	2025	2	2.0000	562.32
172	1783	1	2.5000	481.96
175	3651	2	3.3230	452.07
177	2578	2	2.0000	472.98
178	6826	5	4.7532	363.67
179	5446	1	2.0288	415.54
180	2373	1	3.5654	427.62
186	3040	2	2.0000	390.50
188	2872	1	2.5000	273.01
190	11047	1	1.0000	291.26
190	11223	1	1.0000	301.60

Appendix C
2004 Average Schedule USF Study
Sample Average Schedule Study Areas
Underlying data - Cost per Loop Calculation

Obs	Actual USF Loop Count	Exchange Count	Sample Weight	Actual Cost per Loop
193	7398	8	2.0000	436.00
195	7950	1	1.0000	309.43
198	4576	13	2.7341	434.34
199	1847	2	3.4046	378.01
201	705	1	3.0559	407.11
203	8314	2	2.0000	328.77
203	8154	2	1.0000	296.80
205	114	1	2.5000	357.01
205	101	1	2.5000	369.66
207	1547	2	2.0000	516.81
207	1565	2	3.6824	497.94
211	4263	2	5.8865	440.84
213	665	1	3.1113	471.25
214	588	1	3.3725	496.35
217	96	1	2.5000	440.37
218	367	1	3.9543	394.20
221	364	1	4.2991	473.92
231	240	2	2.5000	423.07
231	224	2	2.5000	406.10
232	858	1	2.8793	468.44
238	866	1	5.3919	209.19
243	650	2	1.0000	377.08
246	1160	2	2.0000	357.93
247	1525	2	2.0000	390.93
252	2435	4	4.0175	641.85
257	1731	4	4.9555	309.47
259	1489	2	4.4843	399.43
260	594	1	1.0000	562.62
268	465	2	7.3816	548.40
271	647	2	1.0000	721.73
274	702	1	7.7473	311.98
278	2029	3	2.0000	344.58
284	909	1	2.9484	251.83
288	890	2	3.1013	426.87
292	2251	3	2.0000	410.12
293	5044	1	2.5000	347.74
295	2794	7	3.0778	375.41
297	1571	4	5.0065	400.99
299	1864	1	2.5000	318.64
302	300	1	5.3314	408.96
306	886	1	4.8559	346.09
307	1852	1	1.0000	251.75
308	223	1	14.4102	352.43
312	418	1	9.0115	695.99
316	1141	2	2.6500	302.41
318	690	2	1.0000	507.62

Appendix C
2004 Average Schedule USF Study
Sample Average Schedule Study Areas
Underlying data - Cost per Loop Calculation

Obs	Actual USF Loop Count	Exchange Count	Sample Weight	Actual Cost per Loop
319	1275	2	4.6061	486.03
321	1082	1	1.0000	417.66
323	14335	6	2.0000	305.08
327	1009	1	2.5000	238.87
332	475	1	1.0000	568.33
339	5295	16	2.6069	380.07
340	1442	1	2.6509	438.03
342	4139	2	2.0000	348.22
346	7443	16	1.5000	348.50
350	2143	7	1.0000	335.48
352	906	4	2.5000	284.07
357	7906	7	1.0000	316.10
358	8944	2	1.0000	348.42
359	308	1	2.5000	498.96
368	3341	4	2.0000	250.80
368	3275	4	2.6878	354.95
373	1938	3	3.0532	413.50
376	2115	4	2.0000	321.98
380	828	2	2.0000	405.12
381	1770	1	3.6335	337.31
386	627	1	6.3611	340.12
386	587	1	1.0000	328.28
388	2313	4	1.0000	363.64
389	12650	9	2.0000	321.59
390	1968	1	2.5000	505.95
391	4934	6	5.1139	396.62
393	537	1	3.5209	485.13
395	504	1	7.3688	251.89
396	18639	3	1.0000	286.23
397	15112	4	1.0000	402.45
401	863	2	1.0000	580.31
401	787	2	1.0000	524.64
402	2705	1	2.5000	363.13
403	42	1	2.5000	369.89
405	6577	18	2.1033	702.29
410	2284	1	2.5000	285.74
412	1717	5	0.5000	537.40
412	1717	5	3.0000	537.40
413	3016	15	3.0000	896.87
416	798	1	0.5000	644.11
418	1252	2	3.0000	332.24
419	679	2	3.0000	705.33
420	2022	2	1.2500	431.62
426	2064	4	3.6249	422.54
429	5067	15	2.0000	690.62
430	3818	13	2.0000	555.22

Appendix C
2004 Average Schedule USF Study
Sample Average Schedule Study Areas
Underlying data - Cost per Loop Calculation

Obs	Actual USF Loop Count	Exchange Count	Sample Weight	Actual Cost per Loop
431	1081	3	4.8838	569.75
432	46694	25	1.0000	260.47
433	703	3	1.4765	370.06
435	1444	1	3.0000	372.38
436	15388	1	1.0000	213.63
437	395	1	3.0000	178.10
441	3932	14	3.0000	715.93
486	4877	10	0.5000	898.84
486	4877	10	3.0000	898.84
445	5804	8	0.5000	370.05
446	435	2	3.0000	708.74
448	1095	3	3.0000	533.19
449	1864	1	1.0000	639.33
450	1131	2	2.0000	525.96
453	434	1	3.0000	341.82
453	411	1	0.5000	321.15
456	360	1	3.7156	609.65
458	631	1	5.7450	508.94
459	1660	4	2.5000	387.55
487	3246	2	2.5000	627.44
464	1887	1	3.0000	563.18
468	8003	1	0.5000	377.03
468	8003	1	3.0000	377.03
469	944	1	3.0000	586.46
469	956	1	1.3435	593.52
472	1617	5	0.5000	384.37
472	1641	5	3.0000	360.65
482	43	1	1.2500	886.08
482	43	1	3.0000	886.08

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
1	100005	947	1	947	2,535	8,511	0	8,511	430.99	4,502	2.10	77.59
2	100015	12421	7	1774	0	57,419	0	57,419	361.16	12,074	0.97	100.00
3	100019	6674	6	1112	14,109	54,167	0	54,167	417.06	26,694	1.83	89.20
4	100020	7335	3	2445	0	7,935	0	7,935	295.97	0	0.00	0.00
5	100022	10197	3	3399	0	0	0	0	273.09	0	0.00	0.00
6	120042	596	1	596	2,440	6,471	91	6,562	463.35	3,956	2.76	62.13
7	120043	1792	1	1792	0	8,114	0	8,114	359.59	1,589	0.89	100.00
8	132454	25339	1	25339	0	0	0	0	273.09	0	0.00	0.00
9	140053	888	1	888	2,579	8,257	0	8,257	435.97	4,462	2.13	73.01
10	140064	3760	6	627	14,643	40,140	0	40,140	458.01	23,703	2.43	61.87
11	150076	1550	1	1550	72	8,997	0	8,997	380.08	3,095	1.95	4198.61
12	150088	5756	2	2878	0	0	0	0	273.09	0	0.00	0.00
13	150112	5124	2	2562	0	2,380	0	2,380	284.57	0	0.00	0.00
14	150125	8790	2	4395	0	0	0	0	273.09	0	0.00	0.00
15	170145	3245	1	3245	0	0	0	0	273.09	0	0.00	0.00
16	170151	23075	2	11538	0	0	0	0	273.09	0	0.00	0.00
17	170156	5378	1	5378	0	0	0	0	273.09	0	0.00	0.00
18	170161	338666	79	4287	0	0	0	0	273.09	0	0.00	0.00
19	170162	60936	10	6094	0	0	0	0	273.09	0	0.00	0.00
20	170165	60566	6	10094	0	0	0	0	273.09	0	0.00	0.00
21	170171	1364	1	1364	1,508	9,257	0	9,257	395.78	3,884	1.75	157.56
22	170175	5700	1	5700	0	0	0	0	273.09	0	0.00	0.00
23	170179	6286	2	3143	0	0	0	0	273.09	0	0.00	0.00
24	170191	12686	8	1586	1,377	71,230	0	71,230	377.04	23,239	1.73	1587.65
25	170193	76736	8	9592	0	0	0	0	273.09	0	0.00	0.00
26	170195	554	1	554	2,391	6,243	0	6,243	467.51	3,821	2.91	59.81
27	170196	13563	4	3391	0	0	0	0	273.09	0	0.00	0.00
28	170197	1424	1	1424	1,221	9,213	0	9,213	390.72	3,664	1.72	200.08
29	170200	2478	1	2478	0	2,249	0	2,249	292.76	0	0.00	0.00
30	170204	3246	2	1623	90	17,592	0	17,592	373.91	5,397	1.64	5896.67
31	170210	1442	1	1442	1,189	9,192	0	9,192	389.20	3,591	1.67	202.02
32	170215	1020	1	1020	2,394	8,774	0	8,774	424.83	4,509	2.16	88.35
33	170277	43	1	43	593	700	190	890	618.38	702	2.85	18.38

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
34	190219	4305	2	2153	0	11,291	0	11,291	324.42	0	0.00	0.00
35	190220	155	1	155	1,770	2,353	0	2,353	530.12	1,676	-0.76	-5.31
36	190225	7425	5	1485	4,894	45,647	0	45,647	385.57	17,032	1.64	248.02
37	190226	37464	4	9366	0	0	0	0	273.09	0	0.00	0.00
38	190236	1104	1	1104	2,327	9,007	0	9,007	417.73	4,456	1.91	91.49
39	190237	1421	3	474	8,460	17,128	0	17,128	480.06	10,916	1.77	29.03
40	190238	1694	5	339	13,985	22,662	0	22,662	501.24	15,257	0.52	9.10
41	190239	1002	1	1002	2,483	8,714	0	8,714	426.35	4,512	2.03	81.72
42	190243	3031	2	1516	1,539	18,138	0	18,138	382.95	6,523	1.65	323.85
43	190248	6400	6	1067	14,409	53,463	0	53,463	420.86	26,915	1.93	86.79
44	190250	25501	9	2833	0	0	0	0	273.09	0	0.00	0.00
45	190253	2615	1	2615	0	483	0	483	279.41	0	0.00	0.00
46	200258	1586	1	1586	164	8,905	0	8,905	377.04	2,905	1.73	1671.34
47	220324	4984	1	4984	0	0	0	0	273.09	0	0.00	0.00
48	220364	7836	4	1959	0	28,574	0	28,574	343.32	43	0.01	100.00
49	220375	8575	3	2858	0	0	0	0	273.09	0	0.00	0.00
50	220380	5760	6	960	15,190	51,369	0	51,369	429.89	27,043	2.05	78.03
51	220387	28794	2	14397	0	0	0	0	273.09	0	0.00	0.00
52	220389	7228	3	2409	0	9,192	0	9,192	299.48	0	0.00	0.00
53	220395	4925	3	1642	908	26,198	0	26,198	372.31	7,761	1.39	754.74
54	230478	2417	1	2417	0	2,972	0	2,972	298.70	0	0.00	0.00
55	230485	12174	1	12174	0	0	0	0	273.09	0	0.00	0.00
56	230491	127044	3	42348	0	0	0	0	273.09	0	0.00	0.00
57	230494	2013	1	2013	0	6,767	0	6,767	338.06	0	0.00	0.00
58	230495	4756	1	4756	0	0	0	0	273.09	0	0.00	0.00
59	230496	10649	7	1521	5,325	63,445	0	63,445	382.53	22,674	1.63	325.80
60	230497	3455	2	1728	0	16,810	0	16,810	365.05	4,085	1.18	100.00
61	230500	1278	1	1278	1,823	9,253	0	9,253	403.04	4,141	1.82	127.15
62	230501	37540	12	3128	0	0	0	0	273.09	0	0.00	0.00
63	230503	15511	6	2585	0	5,320	0	5,320	282.33	0	0.00	0.00
64	230505	3788	3	1263	5,305	27,726	0	27,726	404.31	12,535	1.95	136.29
65	230511	31912	10	3191	0	0	0	0	273.09	0	0.00	0.00
66	240515	5593	1	5593	0	0	0	0	273.09	0	0.00	0.00

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
67	240516	18339	3	6113	0	0	0	0	273.09	0	0.00	0.00
68	240532	698	1	698	2,527	7,190	0	7,190	452.01	4,139	2.32	63.79
69	240535	883	1	883	2,584	8,234	0	8,234	436.39	4,457	2.10	72.48
70	240536	14814	6	2469	0	14,150	0	14,150	293.63	0	0.00	0.00
71	240541	2307	1	2307	0	4,176	0	4,176	309.42	0	0.00	0.00
72	240546	17279	7	2468	0	16,595	0	16,595	293.73	0	0.00	0.00
73	250283	12489	3	4163	0	0	0	0	273.09	0	0.00	0.00
74	250285	1086	1	1086	2,375	8,963	0	8,963	419.25	4,473	1.90	88.34
75	250301	2414	2	1207	4,186	18,382	0	18,382	409.04	8,607	1.82	105.61
76	250311	2683	4	671	9,780	28,020	0	28,020	454.29	16,291	2.21	66.57
77	250312	7680	1	7680	0	0	0	0	273.09	0	0.00	0.00
78	250322	4705	4	1176	8,473	36,597	0	36,597	411.66	17,442	1.92	105.85
79	260396	7144	7	1021	17,091	61,412	0	61,412	424.74	31,547	2.05	84.58
80	260398	29184	8	3648	0	0	0	0	273.09	0	0.00	0.00
81	260408	6730	3	2243	0	14,455	0	14,455	315.65	0	0.00	0.00
82	260412	1637	1	1637	0	8,751	0	8,751	372.73	2,617	1.60	100.00
83	260414	16299	7	2328	0	27,696	0	27,696	307.37	0	0.00	0.00
84	260417	2258	1	2258	0	4,671	0	4,671	314.19	0	0.00	0.00
85	260419	8347	6	1391	8,704	55,456	0	55,456	393.50	22,735	1.67	161.20
86	270428	1649	1	1649	218	8,711	0	8,711	371.72	2,546	1.41	1067.89
87	280451	2217	1	2217	0	5,066	0	5,066	318.18	0	0.00	0.00
88	280460	6707	4	1677	0	34,438	0	34,438	369.35	9,495	1.42	100.00
89	280467	1335	1	1335	1,987	9,264	0	9,264	398.23	3,978	1.37	100.20
90	287449	971	1	971	2,508	8,603	0	8,603	428.96	4,510	2.09	79.82
91	290553	36713	17	2160	0	94,932	0	94,932	323.74	0	0.00	0.00
92	290554	12493	5	2499	0	9,955	0	9,955	290.71	0	0.00	0.00
93	290559	24188	1	24188	0	0	0	0	273.09	0	0.00	0.00
94	290565	27999	10	2800	0	0	0	0	273.09	0	0.00	0.00
95	290570	6430	5	1286	9,394	46,283	0	46,283	402.37	20,601	1.72	119.30
96	290583	4801	4	1200	7,859	36,736	0	36,736	409.63	17,270	2.01	119.75
97	290584	2039	4	510	10,747	23,858	0	23,858	474.41	14,944	2.22	39.05
98	300585	901	1	901	2,562	8,316	0	8,316	434.87	4,473	2.18	74.59
99	300586	1403	1	1403	1,252	9,232	0	9,232	392.49	3,744	1.79	199.04

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
100	300588	1197	1	1197	2,065	9,178	0	9,178	409.88	4,322	1.90	109.30
101	300589	701	1	701	2,541	7,210	0	7,210	451.76	4,145	2.36	63.12
102	300590	1269	3	423	8,694	15,931	0	15,931	488.06	10,383	1.37	19.43
103	300591	873	1	873	2,583	8,186	0	8,186	437.24	4,446	2.15	72.13
104	300594	11657	2	5829	0	0	0	0	273.09	0	0.00	0.00
105	300604	1960	1	1960	0	7,137	0	7,137	343.22	1	0.00	100.00
106	300609	4125	1	4125	0	0	0	0	273.09	0	0.00	0.00
107	300614	959	1	959	2,493	8,558	0	8,558	429.98	4,507	2.19	80.79
108	300618	4295	1	4295	0	0	0	0	273.09	0	0.00	0.00
109	300619	1282	1	1282	1,786	9,255	0	9,255	402.71	4,131	1.84	131.30
110	300625	1966	1	1966	0	7,096	0	7,096	342.64	0	0.00	0.00
111	300633	837	1	837	2,590	8,008	0	8,008	440.28	4,401	2.23	69.92
112	300634	3322	1	3322	0	0	0	0	273.09	0	0.00	0.00
113	300639	1261	1	1261	2,014	9,243	0	9,243	404.48	4,184	1.67	107.75
114	300645	1278	1	1278	1,817	9,253	0	9,253	403.04	4,141	1.83	127.90
115	300650	1589	2	795	5,181	15,555	0	15,555	443.82	8,659	2.27	67.13
116	300651	424	1	424	2,896	5,319	0	5,319	487.91	3,465	1.40	19.65
117	300654	854	1	854	2,591	8,094	0	8,094	438.84	4,423	2.02	70.71
118	300656	1377	1	1377	1,110	9,250	0	9,250	394.68	3,839	2.03	245.86
119	300659	10802	2	5401	0	0	0	0	273.09	0	0.00	0.00
120	300662	820	1	820	2,592	7,919	0	7,919	441.71	4,375	2.21	68.79
121	300663	404	1	404	2,899	5,147	0	5,147	491.04	3,381	1.53	16.63
122	300664	1345	1	1345	1,548	9,262	0	9,262	397.39	3,946	1.79	154.91
123	310669	5608	1	5608	0	0	0	0	273.09	0	0.00	0.00
124	310675	5078	4	1270	7,253	36,980	0	36,980	403.72	16,641	1.87	129.44
125	310676	7815	4	1954	0	28,703	0	28,703	343.81	249	0.03	100.00
126	310678	1483	1	1483	905	9,133	0	9,133	385.73	3,415	1.70	277.35
127	310688	1525	1	1525	1,029	9,054	0	9,054	382.19	3,219	1.41	212.83
128	310692	753	1	753	2,582	7,538	0	7,538	447.37	4,248	2.34	64.52
129	310694	716	1	716	2,533	7,307	0	7,307	450.49	4,177	2.25	64.90
130	310703	2662	4	666	10,026	27,870	0	27,870	454.72	16,233	2.41	61.91
131	310725	1222	1	1222	1,947	9,209	0	9,209	407.77	4,273	1.93	119.47
132	310735	1235	1	1235	2,022	9,222	0	9,222	406.67	4,245	1.78	109.94

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
133	320744	1929	3	643	7,584	20,430	0	20,430	456.66	11,998	2.61	58.20
134	320750	2652	1	2652	0	0	0	0	273.09	0	0.00	0.00
135	320751	2638	2	1319	3,111	18,529	0	18,529	399.58	8,054	1.91	158.89
136	320756	1415	1	1415	1,341	9,222	0	9,222	391.48	3,699	1.66	175.84
137	320771	738	1	738	2,571	7,446	0	7,446	448.64	4,220	2.32	64.14
138	320777	2882	1	2882	0	0	0	0	273.09	0	0.00	0.00
139	320778	2392	1	2392	0	3,257	0	3,257	301.14	0	0.00	0.00
140	320790	1799	1	1799	0	8,079	0	8,079	358.91	1,529	0.85	100.00
141	320792	3061	1	3061	0	0	0	0	273.09	0	0.00	0.00
142	320796	880	1	880	2,570	8,220	0	8,220	436.65	4,454	2.23	73.31
143	320809	1967	3	656	7,615	20,698	0	20,698	455.56	12,099	2.59	58.88
144	320816	562	1	562	2,543	6,289	0	6,289	466.25	3,832	2.33	50.69
145	320818	32730	12	2728	0	0	0	0	273.09	0	0.00	0.00
146	320826	1170	1	1170	2,099	9,138	0	9,138	412.16	4,369	1.98	108.15
147	320827	1946	1	1946	0	7,230	0	7,230	344.59	144	0.07	100.00
148	320829	5369	1	5369	0	0	0	0	273.09	0	0.00	0.00
149	320830	4391	4	1098	8,955	35,962	0	35,962	418.24	17,844	2.10	99.26
150	320834	3883	1	3883	0	0	0	0	273.09	0	0.00	0.00
151	320837	818	1	818	2,592	7,908	0	7,908	441.88	4,372	2.24	68.67
152	320839	1243	1	1243	1,906	9,229	0	9,229	406.00	4,227	1.89	121.77
153	330842	7482	3	2494	0	6,159	0	6,159	291.20	0	0.00	0.00
154	330843	5501	3	1834	0	23,688	0	23,688	355.50	3,659	0.67	100.00
155	330846	4959	2	2480	0	4,449	0	4,449	292.56	0	0.00	0.00
156	330847	934	1	934	2,555	8,458	0	8,458	432.09	4,496	2.07	75.97
157	330848	221	2	111	2,804	3,451	0	3,451	537.02	2,485	-1.00	-11.38
158	330849	1713	1	1713	347	8,470	0	8,470	366.31	2,143	1.03	517.58
159	330850	3584	1	3584	0	0	0	0	273.09	0	0.00	0.00
160	330851	2213	1	2213	0	5,103	0	5,103	318.57	0	0.00	0.00
161	330856	4290	2	2145	0	11,433	0	11,433	325.20	0	0.00	0.00
162	330863	2305	3	768	7,757	22,892	0	22,892	446.10	12,846	2.31	65.61
163	330865	1727	1	1727	0	8,412	0	8,412	365.13	2,050	1.19	100.00
164	330866	1451	2	726	5,122	14,732	0	14,732	449.65	8,389	2.32	63.78
165	330868	2619	3	873	7,738	24,559	0	24,559	437.24	13,338	2.19	72.37

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
166	330872	2009	1	2009	0	6,796	0	6,796	338.45	0	0.00	0.00
167	330875	1305	1	1305	1,038	9,262	0	9,262	400.76	4,068	2.41	291.91
168	330879	3420	3	1140	6,834	27,252	0	27,252	414.69	13,241	1.84	93.75
169	330880	7360	4	1840	0	31,460	0	31,460	354.91	4,663	0.63	100.00
170	330881	35934	2	17967	0	0	0	0	273.09	0	0.00	0.00
171	330889	2074	2	1037	4,904	17,654	0	17,654	423.39	9,007	1.95	83.67
172	330892	1825	1	1825	0	7,945	0	7,945	356.37	1,301	0.71	100.00
173	330896	1800	2	900	5,127	16,623	0	16,623	434.96	8,945	2.18	74.47
174	330899	2173	2	1087	4,738	17,923	0	17,923	419.17	8,940	1.91	88.69
175	330900	3783	2	1892	0	15,132	0	15,132	349.85	1,358	0.36	100.00
176	330902	2550	2	1275	3,644	18,503	0	18,503	403.30	8,298	1.84	127.72
177	330905	2633	2	1317	2,987	18,521	0	18,521	399.75	8,063	1.97	169.94
178	330914	6719	5	1344	7,527	46,307	0	46,307	397.47	19,745	1.84	162.32
179	330915	5449	1	5449	0	0	0	0	273.09	0	0.00	0.00
180	330925	2465	1	2465	0	2,406	0	2,406	294.02	0	0.00	0.00
181	330930	4422	5	884	12,872	41,210	0	41,210	436.31	22,298	2.18	73.23
182	330938	9812	4	2453	0	10,200	0	10,200	295.19	0	0.00	0.00
183	330942	2982	5	596	12,111	32,376	0	32,376	460.92	19,340	2.41	59.69
184	330943	3968	2	1984	0	13,946	0	13,946	340.88	0	0.00	0.00
185	330944	10461	2	5231	0	0	0	0	273.09	0	0.00	0.00
186	330945	3169	2	1585	907	17,810	0	17,810	377.12	5,820	1.55	541.68
187	330946	1281	2	641	4,942	13,581	0	13,581	456.83	7,981	2.44	61.49
188	330949	2895	1	2895	0	0	0	0	273.09	0	0.00	0.00
189	330951	3003	1	3003	0	0	0	0	273.09	0	0.00	0.00
190	330955	11570	1	11570	0	0	0	0	273.09	0	0.00	0.00
191	330960	4614	6	769	15,493	45,799	0	45,799	446.02	25,693	2.26	65.84
192	330962	4999	4	1250	7,540	36,932	0	36,932	405.41	16,840	1.88	123.34
193	330966	7891	8	986	20,177	69,291	0	69,291	427.70	36,109	1.97	78.96
194	330967	4259	1	4259	0	0	0	0	273.09	0	0.00	0.00
195	330968	7979	1	7979	0	0	0	0	273.09	0	0.00	0.00
196	330970	6829	5	1366	7,352	46,272	0	46,272	395.61	19,381	1.77	163.62
197	330971	6557	6	1093	14,038	53,875	0	53,875	418.66	26,796	1.94	90.88
198	340976	4576	13	352	37,317	60,633	0	60,633	499.20	40,629	1.00	8.88

Appendix D
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199	340983	1832	2	916	5,066	16,764	0	16,764	433.61	8,970	2.25	77.06
200	340990	258	1	258	2,533	3,656	0	3,656	513.96	2,529	0.14	-0.16
201	340993	695	1	695	2,534	7,170	0	7,170	452.27	4,132	2.36	63.06
202	340998	758	1	758	2,592	7,568	0	7,568	446.95	4,259	2.47	64.31
203	341016	8251	2	4126	0	0	0	0	273.09	0	0.00	0.00
204	341017	1370	1	1370	980	9,254	0	9,254	395.28	3,863	2.16	294.18
205	341021	99	1	99	1,282	1,557	0	1,557	538.91	1,125	-1.08	-12.25
206	341024	2623	7	375	20,265	34,164	0	34,164	495.60	22,697	1.14	12.00
207	341029	1573	2	787	5,170	15,464	0	15,464	444.50	8,630	2.21	66.92
208	341041	95	1	95	1,345	1,498	0	1,498	539.53	1,083	-0.94	-19.48
209	341046	164	1	164	1,941	2,475	0	2,475	528.71	1,759	-0.50	-9.38
210	341050	3952	1	3952	0	0	0	0	273.09	0	0.00	0.00
211	341053	4233	2	2117	0	11,906	0	11,906	327.93	0	0.00	0.00
212	341054	4758	13	366	37,463	62,391	0	62,391	497.01	41,592	1.00	11.02
213	341062	647	1	647	2,484	6,839	0	6,839	456.32	4,010	2.45	61.43
214	341075	578	1	578	2,450	6,378	0	6,378	463.74	3,851	2.50	57.18
215	341086	576	1	576	2,478	6,367	0	6,367	464.05	3,849	2.42	55.33
216	341087	821	1	821	2,590	7,924	0	7,924	441.63	4,376	2.30	68.96
217	341092	100	1	100	1,250	1,572	0	1,572	538.75	1,135	-1.15	-9.20
218	351097	386	1	386	2,896	4,986	0	4,986	493.87	3,299	1.06	13.92
219	351098	342	1	342	2,837	4,565	0	4,565	500.77	3,070	0.78	8.21
220	351101	831	1	831	2,592	7,977	0	7,977	440.78	4,392	2.17	69.44
221	351107	357	1	357	2,837	4,713	0	4,713	498.42	3,152	0.63	11.10
222	351108	187	1	187	2,135	2,780	0	2,780	525.10	1,963	-0.29	-8.06
223	351112	1126	3	375	8,674	14,666	0	14,666	495.60	9,743	1.07	12.32
224	351113	1703	1	1703	0	8,511	0	8,511	367.16	2,208	1.30	100.00
225	351114	454	1	454	2,846	5,561	0	5,561	483.20	3,577	1.76	25.69
226	351115	3143	4	786	10,352	30,916	0	30,916	444.58	17,257	2.25	66.70
227	351118	1949	2	975	5,117	17,227	0	17,227	428.63	9,017	1.86	76.22
228	351119	483	1	483	2,827	5,779	0	5,779	478.65	3,668	1.63	29.75
229	351121	151	1	151	1,752	2,298	0	2,298	530.75	1,638	-0.76	-6.51
230	351125	6279	3	2093	0	18,456	0	18,456	330.27	0	0.00	0.00
231	351126	216	2	108	2,690	3,379	0	3,379	537.49	2,435	-1.07	-9.48

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232	351130	888	1	888	2,571	8,257	0	8,257	435.97	4,462	2.19	73.55
233	351133	869	4	217	9,475	12,665	0	12,665	520.39	8,866	0.03	-6.43
234	351134	779	1	779	2,582	7,691	0	7,691	445.18	4,302	2.21	66.62
235	351136	644	1	644	2,493	6,817	0	6,817	456.57	4,002	2.49	60.53
236	351137	670	2	335	5,710	8,989	0	8,989	501.87	6,060	1.00	6.13
237	351139	1592	4	398	11,613	20,376	0	20,376	491.99	13,417	1.39	15.53
238	351141	825	1	825	2,589	7,945	0	7,945	441.29	4,383	2.30	69.29
239	351146	392	1	392	2,903	5,040	0	5,040	492.93	3,327	1.27	14.61
240	351147	1061	1	1061	2,309	8,897	0	8,897	421.37	4,491	2.15	94.50
241	351149	292	1	292	2,701	4,041	0	4,041	508.62	2,764	0.46	2.33
242	351150	672	1	672	2,521	7,014	0	7,014	454.21	4,077	2.43	61.72
243	351152	1443	2	722	5,175	14,681	0	14,681	449.99	8,373	2.56	61.80
244	351153	775	1	775	2,583	7,668	0	7,668	445.51	4,294	2.25	66.24
245	351157	735	2	368	5,771	9,624	0	9,624	496.69	6,411	1.04	11.09
246	351160	1405	2	703	4,798	14,436	0	14,436	451.59	8,294	1.93	72.86
247	351162	1545	2	773	5,155	15,303	0	15,303	445.68	8,575	2.20	66.34
248	351166	832	1	832	2,591	7,982	0	7,982	440.70	4,393	2.23	69.55
249	351168	1916	7	274	18,317	26,853	0	26,853	511.44	18,477	0.28	0.87
250	351169	487	1	487	2,702	5,808	0	5,808	478.02	3,679	2.36	36.16
251	351171	2104	1	2104	0	6,062	0	6,062	329.19	0	0.00	0.00
252	351172	2476	4	619	9,730	26,537	0	26,537	458.68	15,713	2.46	61.49
253	351173	2633	4	658	9,940	27,678	0	27,678	455.39	16,168	2.39	62.66
254	351174	1271	3	424	8,698	15,944	0	15,944	487.91	10,387	1.32	19.42
255	351175	448	1	448	2,874	5,514	0	5,514	484.14	3,556	1.54	23.73
256	351176	741	1	741	2,576	7,465	0	7,465	448.38	4,226	2.34	64.05
257	351177	1741	4	435	11,553	21,652	0	21,652	486.18	14,041	1.46	21.54
258	351179	355	1	355	2,862	4,693	0	4,693	498.73	3,142	0.88	9.78
259	351187	1446	2	723	5,109	14,704	0	14,704	449.90	8,383	2.31	64.08
260	351188	588	1	588	2,431	6,430	0	6,430	462.17	3,860	2.46	58.78
261	351189	996	2	498	5,393	11,771	0	11,771	476.29	7,417	2.28	37.53
262	351191	625	1	625	2,455	6,679	0	6,679	458.18	3,947	2.48	60.77
263	351195	2267	4	567	10,010	25,258	0	25,258	465.47	15,348	2.43	53.33
264	351199	504	1	504	2,727	5,927	0	5,927	475.35	3,724	2.04	36.56

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265	351202	775	1	775	2,587	7,668	0	7,668	445.51	4,294	2.28	65.98
266	351203	880	1	880	2,578	8,220	0	8,220	436.65	4,454	2.17	72.77
267	351205	1876	2	938	5,019	16,948	0	16,948	431.75	8,996	2.23	79.24
268	351206	447	2	224	4,734	6,484	0	6,484	519.29	4,530	-0.05	-4.31
269	351209	1434	3	478	8,457	17,229	0	17,229	479.43	10,960	1.74	29.60
270	351212	3601	1	3601	0	0	0	0	273.09	0	0.00	0.00
271	351213	366	1	366	2,881	4,799	0	4,799	497.01	3,199	0.99	11.04
272	351217	1003	3	334	8,534	13,467	0	13,467	502.03	9,082	0.92	6.42
273	351220	1999	2	1000	4,920	17,406	0	17,406	426.52	9,019	2.10	83.31
274	351222	757	1	757	2,547	7,562	0	7,562	447.03	4,257	2.10	67.14
275	351223	331	1	331	2,814	4,454	0	4,454	502.50	3,007	0.71	6.86
276	351225	2048	4	512	10,897	23,923	0	23,923	474.10	14,970	1.98	37.38
277	351228	288	1	288	2,716	3,997	0	3,997	509.25	2,738	0.57	0.81
278	351230	2304	3	768	7,556	22,882	0	22,882	446.10	12,840	1.93	69.93
279	351232	682	1	682	2,812	7,083	0	7,083	453.37	4,101	0.15	45.84
280	351235	624	1	624	2,459	6,671	0	6,671	458.26	3,944	2.50	60.39
281	351237	1546	4	387	11,606	19,954	0	19,954	493.71	13,196	1.22	13.70
282	351238	322	1	322	2,845	4,361	0	4,361	503.91	2,954	1.04	3.83
283	351239	696	2	348	5,704	9,249	0	9,249	499.83	6,207	0.85	8.82
284	351241	889	1	889	2,564	8,261	0	8,261	435.89	4,462	2.23	74.02
285	351242	768	1	768	2,586	7,627	0	7,627	446.10	4,280	2.31	65.51
286	351243	101	1	101	1,282	1,587	0	1,587	538.59	1,145	-1.11	-10.69
287	351245	470	1	470	2,822	5,684	0	5,684	480.69	3,629	1.79	28.60
288	351246	865	2	433	5,756	10,774	0	10,774	486.49	6,993	1.63	21.49
289	351247	949	4	237	9,947	13,645	0	13,645	517.25	9,496	0.19	-4.53
290	351248	2428	2	1214	4,111	18,399	0	18,399	408.45	8,579	1.83	108.68
291	351250	679	1	679	2,523	7,062	0	7,062	453.62	4,094	2.40	62.27
292	351251	2218	3	739	7,714	22,367	0	22,367	448.55	12,671	2.32	64.26
293	351252	5385	1	5385	0	0	0	0	273.09	0	0.00	0.00
294	351257	921	1	921	2,548	8,403	0	8,403	433.19	4,488	2.16	76.14
295	351259	2646	7	378	20,278	34,385	0	34,385	495.12	22,818	1.16	12.53
296	351260	9303	3	3101	0	0	0	0	273.09	0	0.00	0.00
297	351261	1420	4	355	11,544	18,774	0	18,774	498.73	12,566	1.17	8.85

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298	351262	664	1	664	2,477	6,959	0	6,959	454.89	4,056	2.33	63.75
299	351263	1952	1	1952	0	7,190	0	7,190	344.00	83	0.04	100.00
300	351264	816	2	408	5,803	10,364	0	10,364	490.42	6,797	1.41	17.13
301	351265	247	1	247	2,507	3,527	0	3,527	515.68	2,447	0.15	-2.39
302	351266	277	1	277	2,661	3,874	0	3,874	510.97	2,663	0.44	0.08
303	351269	522	1	522	2,655	6,046	0	6,046	472.53	3,764	2.26	41.77
304	351270	314	1	314	2,775	4,278	0	4,278	505.17	2,905	0.63	4.68
305	351271	2038	1	2038	0	6,582	0	6,582	335.62	0	0.00	0.00
306	351273	853	1	853	2,585	8,089	0	8,089	438.93	4,422	2.23	71.06
307	351274	1847	1	1847	0	7,827	0	7,827	354.23	1,102	0.60	100.00
308	351275	230	1	230	2,364	3,323	0	3,323	518.35	2,317	-0.12	-1.99
309	351276	1364	2	682	4,932	14,166	0	14,166	453.37	8,203	2.21	66.32
310	351277	535	1	535	2,649	6,129	0	6,129	470.49	3,790	2.16	43.07
311	351278	1075	1	1075	2,569	8,935	0	8,935	420.18	4,482	1.35	74.46
312	351280	400	1	400	2,902	5,112	0	5,112	491.67	3,363	1.43	15.89
313	351282	1334	4	334	11,265	17,911	0	17,911	502.03	12,080	0.70	7.23
314	351283	480	1	480	2,788	5,758	0	5,758	479.12	3,659	1.92	31.24
315	351284	840	1	840	2,586	8,023	0	8,023	440.02	4,405	2.28	70.34
316	351285	1134	2	567	5,005	12,635	0	12,635	465.47	7,677	2.43	53.39
317	351291	1785	4	446	11,510	22,006	0	22,006	484.45	14,203	1.51	23.40
318	351292	509	2	255	5,701	7,229	0	7,229	514.43	5,004	1.75	-12.23
319	351293	1272	2	636	4,949	13,519	0	13,519	457.25	7,958	2.48	60.80
320	351294	566	1	566	2,513	6,312	0	6,312	465.62	3,837	2.40	52.69
321	351295	1079	1	1079	2,296	8,945	0	8,945	419.85	4,479	2.09	95.08
322	351297	2513	7	359	19,676	33,125	0	33,125	498.11	22,140	0.42	12.52
323	351298	12684	5	2537	0	7,564	0	7,564	287.01	0	0.00	0.00
324	351301	1006	3	335	7,628	13,497	0	13,497	501.87	9,100	-0.59	19.30
325	351302	1351	1	1351	1,409	9,261	0	9,261	396.88	3,927	1.90	178.71
326	351303	662	2	331	5,693	8,908	0	8,908	502.50	6,014	0.96	5.64
327	351304	1025	1	1025	2,444	8,790	0	8,790	424.40	4,508	2.03	84.45
328	351305	835	1	835	2,561	7,998	0	7,998	440.45	4,398	1.81	71.73
329	351306	2747	2	1374	5,157	18,497	0	18,497	394.94	7,696	-0.09	49.23
330	351307	198	1	198	2,171	2,923	0	2,923	523.37	2,057	-0.31	-5.25

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331	351308	397	1	397	2,903	5,085	0	5,085	492.14	3,350	1.41	15.40
332	351309	487	1	487	2,856	5,808	0	5,808	478.02	3,679	1.35	28.82
333	351310	592	1	592	2,416	6,451	0	6,451	461.54	3,863	2.60	59.89
334	351319	3351	6	559	16,212	37,599	0	37,599	466.72	22,950	1.65	41.56
335	351320	649	1	649	2,497	6,853	0	6,853	456.15	4,016	2.47	60.83
336	351322	557	1	557	2,526	6,261	0	6,261	467.04	3,826	2.44	51.46
337	351324	1260	2	630	4,905	13,431	0	13,431	457.76	7,923	2.45	61.53
338	351326	845	1	845	2,583	8,049	0	8,049	439.60	4,412	2.28	70.81
339	351328	5117	16	320	44,844	69,408	0	69,408	504.23	47,038	0.74	4.89
340	351329	1457	1	1457	880	9,173	0	9,173	387.93	3,529	1.84	301.02
341	351331	5445	6	908	15,375	50,054	0	50,054	434.28	26,859	2.15	74.69
342	351332	4156	2	2078	0	12,545	0	12,545	331.73	0	0.00	0.00
343	351334	3970	8	496	22,031	46,997	0	46,997	476.61	29,642	1.96	34.55
344	351335	358	1	358	2,845	4,723	0	4,723	498.26	3,158	0.69	11.00
345	351336	2054	1	2054	0	6,460	0	6,460	334.06	0	0.00	0.00
346	351337	7241	16	453	45,666	88,773	0	88,773	483.36	57,118	1.70	25.08
347	351342	246	1	246	2,614	3,515	0	3,515	515.84	2,440	0.55	-6.66
348	351343	704	1	704	2,563	7,230	0	7,230	451.51	4,152	2.45	62.00
349	351344	1085	3	362	8,603	14,270	0	14,270	497.64	9,527	0.87	10.74
350	351405	2183	7	312	19,088	29,782	0	29,782	505.48	20,239	0.39	6.03
351	351424	1043	3	348	8,513	13,861	0	13,861	499.83	9,301	0.72	9.26
352	361337	866	4	217	9,165	12,621	0	12,621	520.39	8,836	-0.19	-3.59
353	361347	3674	3	1225	6,065	27,628	0	27,628	407.52	12,796	1.83	110.98
354	361348	72	1	72	923	1,152	0	1,152	543.14	837	-1.38	-9.32
355	361353	1376	1	1376	1,786	9,251	0	9,251	394.77	3,842	1.41	115.12
356	361356	4899	5	980	12,615	43,174	0	43,174	428.20	22,552	1.99	78.77
357	361358	7746	7	1107	15,572	63,072	0	63,072	417.48	31,159	2.08	100.10
358	361362	9018	2	4509	0	0	0	0	273.09	0	0.00	0.00
359	361365	323	1	323	2,674	4,372	0	4,372	503.76	2,960	0.04	10.70
360	361372	226	1	226	2,339	3,274	0	3,274	518.98	2,286	-0.15	-2.27
361	361373	10289	10	1029	23,934	88,014	0	88,014	424.07	45,059	2.12	88.26
362	361375	10734	11	976	27,405	94,822	0	94,822	428.54	49,610	2.12	81.03
363	361380	319	1	319	2,816	4,330	0	4,330	504.38	2,936	0.85	4.26

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
364	361381	253	1	253	2,501	3,598	0	3,598	514.74	2,492	0.08	-0.36
365	361384	295	1	295	2,723	4,074	0	4,074	508.15	2,784	0.54	2.24
366	361389	1175	4	294	10,758	16,237	0	16,237	508.31	11,101	0.39	3.19
367	361390	2154	7	308	19,164	29,471	0	29,471	506.11	20,054	0.49	4.64
368	361396	3457	4	864	10,351	32,582	0	32,582	438.00	17,748	2.14	71.46
369	361401	1606	10	161	18,583	24,288	0	24,288	529.18	17,268	-0.64	-7.08
370	361403	783	1	783	2,587	7,714	0	7,714	444.84	4,310	2.25	66.60
371	361404	1057	2	529	5,350	12,171	0	12,171	471.43	7,550	2.09	41.12
372	361405	622	3	207	6,811	9,126	0	9,126	521.96	6,407	-0.15	-5.93
373	361408	2057	3	686	7,446	21,319	0	21,319	453.03	12,327	2.23	65.55
374	361409	13440	1	13440	0	0	0	0	273.09	0	0.00	0.00
375	361412	4768	3	1589	0	26,696	0	26,696	376.78	8,669	1.82	100.00
376	361413	2116	4	529	10,637	24,364	0	24,364	471.43	15,114	2.17	42.09
377	361419	338	1	338	2,835	4,525	0	4,525	501.40	3,047	0.80	7.48
378	361422	1849	1	1849	0	7,816	0	7,816	354.04	1,084	0.59	100.00
379	361423	919	1	919	2,575	8,395	0	8,395	433.35	4,487	2.01	74.25
380	361424	821	2	411	5,805	10,403	0	10,403	489.95	6,814	1.33	17.38
381	361425	1750	1	1750	0	8,311	0	8,311	363.19	1,893	1.08	100.00
382	361426	662	2	331	5,736	8,908	0	8,908	502.50	6,014	1.17	4.85
383	361427	39209	1	39209	0	0	0	0	273.09	0	0.00	0.00
384	361430	11197	8	1400	11,013	73,859	0	73,859	392.74	30,037	1.70	172.74
385	361431	2896	4	724	10,234	29,434	0	29,434	449.82	16,774	2.32	63.90
386	361437	582	1	582	2,401	6,399	0	6,399	463.11	3,855	2.61	60.56
387	361439	1019	3	340	8,554	13,622	0	13,622	501.09	9,167	0.92	7.17
388	361440	2195	4	549	10,196	24,843	0	24,843	468.29	15,248	2.44	49.55
389	361443	13204	9	1467	9,937	82,430	0	82,430	387.09	31,375	1.62	215.74
390	361448	2003	1	2003	0	6,839	0	6,839	339.03	0	0.00	0.00
391	361450	4989	6	832	15,523	47,863	0	47,863	440.70	26,343	2.30	69.70
392	361472	7874	10	787	25,870	77,411	0	77,411	444.50	43,198	2.23	66.98
393	361474	536	1	536	2,578	6,135	0	6,135	470.33	3,792	2.45	47.09
394	361475	4880	9	542	23,665	55,568	0	55,568	469.39	34,235	2.18	44.67
395	361476	511	1	511	2,715	5,974	0	5,974	474.25	3,740	2.05	37.75
396	361479	19474	3	6491	0	0	0	0	273.09	0	0.00	0.00

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
397	361482	15455	4	3864	0	0	0	0	273.09	0	0.00	0.00
398	361485	1330	2	665	5,035	13,932	0	13,932	454.80	8,118	2.46	61.23
399	361487	1709	1	1709	0	8,486	0	8,486	366.65	2,169	1.27	100.00
400	361494	1157	1	1157	2,262	9,116	0	9,116	413.26	4,390	1.79	94.08
401	361495	786	2	393	5,777	10,099	0	10,099	492.77	6,663	1.87	15.34
402	361499	2760	1	2760	0	0	0	0	273.09	0	0.00	0.00
403	361500	32	1	32	529	524	200	725	649.57	585	4.72	10.59
404	361502	2483	2	1242	3,809	18,449	0	18,449	406.08	8,455	1.89	121.97
405	361505	6474	18	360	52,036	85,274	0	85,274	497.95	56,973	1.21	9.49
406	361507	1892	1	1892	0	7,568	0	7,568	349.85	679	0.36	100.00
407	361508	1204	1	1204	1,947	9,187	0	9,187	409.29	4,309	2.02	121.31
408	361510	1512	5	302	13,478	20,776	0	20,776	507.05	14,166	0.34	5.10
409	361512	185	1	185	2,045	2,754	0	2,754	525.41	1,946	-0.47	-4.84
410	361515	2295	1	2295	0	4,299	0	4,299	310.59	0	0.00	0.00
411	361654	1705	3	568	7,497	18,980	0	18,980	465.31	11,526	2.43	53.74
412	371530	1657	5	331	14,081	22,297	0	22,297	502.50	15,053	0.73	6.90
413	371532	3094	15	206	33,626	45,427	0	45,427	522.11	31,901	-0.21	-5.13
414	371555	6495	9	722	22,982	66,082	0	66,082	449.99	37,688	2.31	63.99
415	371556	1638	1	1638	0	8,748	0	8,748	372.65	2,611	1.59	100.00
416	371561	782	1	782	2,589	7,709	0	7,709	444.92	4,308	2.30	66.40
417	371562	1367	3	456	8,398	16,719	0	16,719	482.89	10,743	2.09	27.92
418	371563	1247	2	624	4,933	13,332	0	13,332	458.26	7,881	2.52	59.76
419	371565	687	2	344	5,680	9,157	0	9,157	500.46	6,154	0.78	8.35
420	371581	1970	2	985	4,989	17,309	0	17,309	427.78	9,024	2.07	80.88
421	371582	1106	1	1106	2,133	9,011	0	9,011	417.57	4,454	2.22	108.81
422	371590	98	1	98	1,239	1,543	0	1,543	539.06	1,114	-1.15	-10.09
423	381509	343	2	172	3,891	5,150	0	5,150	527.45	3,651	-0.57	-6.17
424	381601	48	1	48	643	779	196	975	612.25	765	2.53	18.97
425	381614	1581	5	316	13,760	21,507	0	21,507	504.85	14,595	0.48	6.07
426	381615	2114	4	529	10,744	24,341	0	24,341	471.43	15,100	2.03	40.54
427	381622	981	2	491	5,497	11,661	0	11,661	477.39	7,373	2.04	34.13
428	381623	231	1	231	2,358	3,335	0	3,335	518.19	2,325	-0.14	-1.40
429	381625	5434	15	362	42,352	71,469	0	71,469	497.64	47,714	0.48	12.66

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
430	381631	3837	10	384	28,967	49,637	0	49,637	494.18	32,863	1.10	13.45
431	381638	1121	3	374	8,650	14,612	0	14,612	495.75	9,711	0.95	12.27
432	383303	44931	25	1797	0	202,250	0	202,250	359.10	38,659	0.86	100.00
433	391640	1663	3	554	7,628	18,741	0	18,741	467.51	11,471	2.41	50.38
434	391642	3061	5	612	12,090	32,920	0	32,920	459.28	19,539	2.46	61.61
435	391649	1482	1	1482	975	9,135	0	9,135	385.82	3,420	1.65	250.77
436	391650	14108	1	14108	0	0	0	0	273.09	0	0.00	0.00
437	391653	408	1	408	2,900	5,182	0	5,182	490.42	3,398	0.95	17.17
438	391654	14762	26	568	65,022	164,329	0	164,329	465.31	99,795	2.43	53.48
439	391657	6889	5	1378	7,438	46,242	0	46,242	394.60	19,173	1.70	157.77
440	391660	6494	8	812	20,734	62,987	0	62,987	442.39	34,884	2.24	68.25
441	391664	4035	14	288	37,411	55,997	0	55,997	509.25	38,358	0.37	2.53
442	391669	2179	6	363	17,289	28,637	0	28,637	497.48	19,112	1.03	10.54
443	391671	2702	1	2702	0	0	0	0	273.09	0	0.00	0.00
444	391674	2193	8	274	20,573	30,735	0	30,735	511.44	21,149	0.11	2.80
445	391677	5999	8	750	20,424	60,149	0	60,149	447.62	33,926	2.16	66.11
446	391682	440	2	220	4,685	6,400	0	6,400	519.92	4,476	-0.08	-4.46
447	391684	1819	2	910	5,071	16,702	0	16,702	434.11	8,956	2.27	76.61
448	391688	1159	3	386	8,643	14,971	0	14,971	493.87	9,904	0.79	14.59
449	401704	1860	1	1860	0	7,754	0	7,754	352.96	982	0.53	100.00
450	401710	1090	2	545	5,223	12,380	0	12,380	468.92	7,615	2.23	45.80
451	401712	7580	8	948	20,369	68,081	0	68,081	430.91	36,003	2.05	76.75
452	401722	4807	8	601	19,345	51,977	0	51,977	460.20	30,963	2.52	60.06
453	411791	439	1	439	2,903	5,442	0	5,442	485.55	3,523	0.98	21.36
454	421206	1210	4	303	10,991	16,614	0	16,614	506.89	11,325	0.59	3.04
455	421759	2791	6	465	17,089	33,888	0	33,888	481.47	21,687	1.63	26.91
456	421860	375	1	375	2,889	4,884	0	4,884	495.60	3,245	1.03	12.32
457	421876	208	1	208	2,288	3,050	0	3,050	521.80	2,141	-0.11	-6.42
458	421893	642	1	642	2,452	6,803	0	6,803	456.74	3,996	2.38	62.97
459	421900	1641	4	410	11,602	20,810	0	20,810	490.10	13,637	1.42	17.54
460	421932	1555	1	1555	829	8,985	0	8,985	379.66	3,069	1.43	270.21
461	421936	536	1	536	2,720	6,135	0	6,135	470.33	3,792	1.77	39.41
462	421942	2028	3	676	7,431	21,126	0	21,126	453.87	12,260	2.27	64.98

Appendix D
2004 Average Schedule USF Study
Comparison of Current and Proposed Monthly USF Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Proposed Formula Exp. Adj.	Reduction Limit Exp. Adj.	Proposed Total Exp. Adj	Proposed Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Diff.	Payment Perecent Difference
463	431704	1483	1	1483	975	9,133	0	9,133	385.73	3,415	1.65	250.26
464	431968	1936	1	1936	0	7,295	0	7,295	345.56	246	0.13	100.00
465	432141	729	3	243	7,295	10,439	0	10,439	516.31	7,252	-0.04	-0.59
466	442038	1496	1	1496	714	9,110	0	9,110	384.64	3,356	1.78	370.03
467	442043	935	2	468	5,632	11,325	0	11,325	481.00	7,238	1.86	28.52
468	442107	8072	1	8072	0	0	0	0	273.09	0	0.00	0.00
469	462198	955	1	955	2,542	8,542	0	8,542	430.32	4,506	2.03	77.26
470	462206	81	1	81	1,005	1,289	0	1,289	541.73	934	-1.35	-7.06
471	462210	68	1	68	864	1,090	65	1,155	558.99	858	-0.47	-0.69
472	472227	1722	5	344	13,943	22,952	0	22,952	500.46	15,424	0.42	10.62
473	482252	4049	2	2025	0	13,354	0	13,354	336.89	0	0.00	0.00
474	502279	1711	1	1711	0	8,478	0	8,478	366.48	2,156	1.26	100.00
475	502282	1704	1	1704	97	8,507	0	8,507	367.07	2,202	1.23	2170.10
476	502283	1676	3	559	7,506	18,805	0	18,805	466.72	11,478	2.51	52.92
477	522430	4597	3	1532	2,696	27,121	0	27,121	381.60	9,557	1.48	254.49
478	532386	2037	1	2037	0	6,589	0	6,589	335.72	0	0.00	0.00
479	532391	1524	1	1524	650	9,056	0	9,056	382.27	3,224	1.70	396.00
480	532396	653	1	653	2,493	6,882	0	6,882	455.81	4,027	2.44	61.53
481	532399	7921	1	7921	0	0	0	0	273.09	0	0.00	0.00
482	613005	49	1	49	567	795	206	1,001	614.01	787	2.55	38.80
483	613026	188	1	188	2,053	2,793	0	2,793	524.94	1,972	-0.49	-3.95
	Total:				2,388,627	7,408,501	948	7,409,450		3,671,699		

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
1	100005	947	1	947	2,535	422.55	4,069	1.64	60.51
2	100015	12421	7	1774	0	349.97	4,543	0.37	100.00
3	100019	6674	6	1112	14,109	408.07	23,445	1.34	66.17
4	100020	7335	3	2445	0	291.08	0	0.00	0.00
5	100022	10197	3	3399	0	273.09	0	0.00	0.00
6	120042	596	1	596	2,440	453.69	3,596	2.16	47.38
7	120043	1792	1	1792	0	348.39	502	0.28	100.00
8	132454	25339	1	25339	0	273.09	0	0.00	0.00
9	140053	888	1	888	2,579	427.72	4,065	1.68	57.62
10	140064	3760	6	627	14,643	450.63	21,969	1.97	50.03
11	150076	1550	1	1550	72	369.63	2,218	1.39	2980.56
12	150088	5756	2	2878	0	273.09	0	0.00	0.00
13	150112	5124	2	2562	0	280.81	0	0.00	0.00
14	150125	8790	2	4395	0	273.09	0	0.00	0.00
15	170145	3245	1	3245	0	273.09	0	0.00	0.00
16	170151	23075	2	11538	0	273.09	0	0.00	0.00
17	170156	5378	1	5378	0	273.09	0	0.00	0.00
18	170161	338666	79	4287	0	273.09	0	0.00	0.00
19	170162	60936	10	6094	0	273.09	0	0.00	0.00
20	170165	60566	6	10094	0	273.09	0	0.00	0.00
21	170171	1364	1	1364	1,508	385.95	3,157	1.21	109.35
22	170175	5700	1	5700	0	273.09	0	0.00	0.00
23	170179	6286	2	3143	0	273.09	0	0.00	0.00
24	170191	12686	8	1586	1,377	366.47	15,978	1.15	1060.35
25	170193	76736	8	9592	0	273.09	0	0.00	0.00
26	170195	554	1	554	2,391	460.93	3,594	2.50	50.31
27	170196	13563	4	3391	0	273.09	0	0.00	0.00
28	170197	1424	1	1424	1,221	380.68	2,890	1.18	136.69
29	170200	2478	1	2478	0	288.18	0	0.00	0.00
30	170204	3246	2	1623	90	363.22	3,517	1.06	3807.78
31	170210	1442	1	1442	1,189	379.10	2,803	1.12	135.74
32	170215	1020	1	1020	2,394	416.14	4,029	1.69	68.30
33	170277	43	1	43	593	549.05	516	-1.48	-12.98
34	190219	4305	2	2153	0	316.70	0	0.00	0.00
35	190220	155	1	155	1,770	529.74	1,672	-0.78	-5.54
36	190225	7425	5	1485	4,894	375.33	12,915	1.08	163.89
37	190226	37464	4	9366	0	273.09	0	0.00	0.00
38	190236	1104	1	1104	2,327	408.77	3,920	1.43	68.46
39	190237	1421	3	474	8,460	474.73	10,443	1.44	23.44
40	190238	1694	5	339	13,985	498.01	14,914	0.32	6.64
41	190239	1002	1	1002	2,483	417.72	4,044	1.56	62.87
42	190243	3031	2	1516	1,539	372.61	4,826	1.09	213.58
43	190248	6400	6	1067	14,409	412.01	23,848	1.45	65.51
44	190250	25501	9	2833	0	273.09	0	0.00	0.00
45	190253	2615	1	2615	0	276.16	0	0.00	0.00
46	200258	1586	1	1586	164	366.47	1,998	1.16	1118.29
47	220324	4984	1	4984	0	273.09	0	0.00	0.00
48	220364	7836	4	1959	0	333.73	0	0.00	0.00
49	220375	8575	3	2858	0	273.09	0	0.00	0.00
50	220380	5760	6	960	15,190	421.41	24,396	1.59	60.61
51	220387	28794	2	14397	0	273.09	0	0.00	0.00
52	220389	7228	3	2409	0	294.24	0	0.00	0.00
53	220395	4925	3	1642	908	361.55	4,891	0.81	438.66
54	230478	2417	1	2417	0	293.54	0	0.00	0.00

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
55	230485	12174	1	12174	0	273.09	0	0.00	0.00
56	230491	127044	3	42348	0	273.09	0	0.00	0.00
57	230494	2013	1	2013	0	328.99	0	0.00	0.00
58	230495	4756	1	4756	0	273.09	0	0.00	0.00
59	230496	10649	7	1521	5,325	372.17	16,700	1.07	213.62
60	230497	3455	2	1728	0	354.00	2,018	0.58	100.00
61	230500	1278	1	1278	1,823	393.50	3,481	1.30	90.95
62	230501	37540	12	3128	0	273.09	0	0.00	0.00
63	230503	15511	6	2585	0	278.79	0	0.00	0.00
64	230505	3788	3	1263	5,305	394.81	10,586	1.43	99.55
65	230511	31912	10	3191	0	273.09	0	0.00	0.00
66	240515	5593	1	5593	0	273.09	0	0.00	0.00
67	240516	18339	3	6113	0	273.09	0	0.00	0.00
68	240532	698	1	698	2,527	444.40	3,826	1.87	51.40
69	240535	883	1	883	2,584	428.16	4,063	1.66	57.24
70	240536	14814	6	2469	0	288.97	0	0.00	0.00
71	240541	2307	1	2307	0	303.19	0	0.00	0.00
72	240546	17279	7	2468	0	289.06	0	0.00	0.00
73	250283	12489	3	4163	0	273.09	0	0.00	0.00
74	250285	1086	1	1086	2,375	410.35	3,949	1.42	66.27
75	250301	2414	2	1207	4,186	399.73	7,389	1.31	76.52
76	250311	2683	4	671	9,780	446.77	15,049	1.75	53.88
77	250312	7680	1	7680	0	273.09	0	0.00	0.00
78	250322	4705	4	1176	8,473	402.45	15,096	1.42	78.17
79	260396	7144	7	1021	17,091	416.05	28,184	1.58	64.91
80	260398	29184	8	3648	0	273.09	0	0.00	0.00
81	260408	6730	3	2243	0	308.81	0	0.00	0.00
82	260412	1637	1	1637	0	361.99	1,665	1.02	100.00
83	260414	16299	7	2328	0	301.35	0	0.00	0.00
84	260417	2258	1	2258	0	307.49	0	0.00	0.00
85	260419	8347	6	1391	8,704	383.58	18,249	1.14	109.66
86	270428	1649	1	1649	218	360.94	1,583	0.83	626.15
87	280451	2217	1	2217	0	311.09	0	0.00	0.00
88	280460	6707	4	1677	0	358.48	5,545	0.83	100.00
89	280467	1335	1	1335	1,987	388.49	3,274	0.84	64.77
90	287449	971	1	971	2,508	420.44	4,062	1.63	61.96
91	290553	36713	17	2160	0	316.09	0	0.00	0.00
92	290554	12493	5	2499	0	286.34	0	0.00	0.00
93	290559	24188	1	24188	0	273.09	0	0.00	0.00
94	290565	27999	10	2800	0	273.09	0	0.00	0.00
95	290570	6430	5	1286	9,394	392.79	17,266	1.20	83.80
96	290583	4801	4	1200	7,859	400.34	14,855	1.51	89.02
97	290584	2039	4	510	10,747	468.52	14,193	1.85	32.06
98	300585	901	1	901	2,562	426.58	4,068	1.73	58.78
99	300586	1403	1	1403	1,252	382.53	2,988	1.25	138.66
100	300588	1197	1	1197	2,065	400.61	3,721	1.40	80.19
101	300589	701	1	701	2,541	444.14	3,832	1.91	50.81
102	300590	1269	3	423	8,694	483.52	10,023	1.09	15.29
103	300591	873	1	873	2,583	429.04	4,058	1.71	57.10
104	300594	11657	2	5829	0	273.09	0	0.00	0.00
105	300604	1960	1	1960	0	333.64	0	0.00	0.00
106	300609	4125	1	4125	0	273.09	0	0.00	0.00
107	300614	959	1	959	2,493	421.49	4,066	1.73	63.10
108	300618	4295	1	4295	0	273.09	0	0.00	0.00

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
109	300619	1282	1	1282	1,786	393.15	3,467	1.33	94.12
110	300625	1966	1	1966	0	333.12	0	0.00	0.00
111	300633	837	1	837	2,590	432.20	4,034	1.79	55.75
112	300634	3322	1	3322	0	273.09	0	0.00	0.00
113	300639	1261	1	1261	2,014	394.99	3,536	1.16	75.57
114	300645	1278	1	1278	1,817	393.50	3,481	1.31	91.58
115	300650	1589	2	795	5,181	435.89	7,976	1.84	53.95
116	300651	424	1	424	2,896	483.35	3,344	1.12	15.47
117	300654	854	1	854	2,591	430.71	4,047	1.58	56.19
118	300656	1377	1	1377	1,110	384.81	3,102	1.49	179.46
119	300659	10802	2	5401	0	273.09	0	0.00	0.00
120	300662	820	1	820	2,592	433.69	4,018	1.77	55.02
121	300663	404	1	404	2,899	486.80	3,274	1.27	12.94
122	300664	1345	1	1345	1,548	387.62	3,235	1.27	108.98
123	310669	5608	1	5608	0	273.09	0	0.00	0.00
124	310675	5078	4	1270	7,253	394.20	14,023	1.35	93.34
125	310676	7815	4	1954	0	334.17	0	0.00	0.00
126	310678	1483	1	1483	905	375.51	2,594	1.15	186.63
127	310688	1525	1	1525	1,029	371.82	2,363	0.85	129.64
128	310692	753	1	753	2,582	439.57	3,930	1.91	52.21
129	310694	716	1	716	2,533	442.82	3,863	1.81	52.51
130	310703	2662	4	666	10,026	447.21	14,995	1.95	49.56
131	310725	1222	1	1222	1,947	398.41	3,653	1.43	87.62
132	310735	1235	1	1235	2,022	397.27	3,616	1.27	78.83
133	320744	1929	3	643	7,584	449.23	11,102	2.15	46.39
134	320750	2652	1	2652	0	273.09	0	0.00	0.00
135	320751	2638	2	1319	3,111	389.90	6,671	1.38	114.43
136	320756	1415	1	1415	1,341	381.47	2,932	1.12	118.64
137	320771	738	1	738	2,571	440.89	3,904	1.89	51.85
138	320777	2882	1	2882	0	273.09	0	0.00	0.00
139	320778	2392	1	2392	0	295.73	0	0.00	0.00
140	320790	1799	1	1799	0	347.77	444	0.25	100.00
141	320792	3061	1	3061	0	273.09	0	0.00	0.00
142	320796	880	1	880	2,570	428.43	4,062	1.78	58.05
143	320809	1967	3	656	7,615	448.08	11,179	2.12	46.80
144	320816	562	1	562	2,543	459.55	3,597	1.92	41.45
145	320818	32730	12	2728	0	273.09	0	0.00	0.00
146	320826	1170	1	1170	2,099	402.98	3,787	1.48	80.42
147	320827	1946	1	1946	0	334.87	0	0.00	0.00
148	320829	5369	1	5369	0	273.09	0	0.00	0.00
149	320830	4391	4	1098	8,955	409.29	15,715	1.61	75.49
150	320834	3883	1	3883	0	273.09	0	0.00	0.00
151	320837	818	1	818	2,592	433.87	4,017	1.81	54.98
152	320839	1243	1	1243	1,906	396.57	3,592	1.38	88.46
153	330842	7482	3	2494	0	286.78	0	0.00	0.00
154	330843	5501	3	1834	0	344.70	442	0.08	100.00
155	330846	4959	2	2480	0	288.01	0	0.00	0.00
156	330847	934	1	934	2,555	423.69	4,071	1.61	59.33
157	330848	221	2	111	2,804	537.33	2,489	-0.98	-11.23
158	330849	1713	1	1713	347	355.32	1,123	0.44	223.63
159	330850	3584	1	3584	0	273.09	0	0.00	0.00
160	330851	2213	1	2213	0	311.44	0	0.00	0.00
161	330856	4290	2	2145	0	317.41	0	0.00	0.00
162	330863	2305	3	768	7,757	438.26	11,866	1.88	52.97

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
163	330865	1727	1	1727	0	354.09	1,017	0.59	100.00
164	330866	1451	2	726	5,122	441.94	7,759	1.89	51.48
165	330868	2619	3	873	7,738	429.04	12,175	1.75	57.34
166	330872	2009	1	2009	0	329.34	0	0.00	0.00
167	330875	1305	1	1305	1,038	391.13	3,387	1.89	226.30
168	330879	3420	3	1140	6,834	405.61	11,558	1.35	69.12
169	330880	7360	4	1840	0	344.17	380	0.05	100.00
170	330881	35934	2	17967	0	273.09	0	0.00	0.00
171	330889	2074	2	1037	4,904	414.65	8,025	1.48	63.64
172	330892	1825	1	1825	0	345.49	225	0.12	100.00
173	330896	1800	2	900	5,127	426.67	8,137	1.73	58.71
174	330899	2173	2	1087	4,738	410.26	7,891	1.43	66.55
175	330900	3783	2	1892	0	339.61	0	0.00	0.00
176	330902	2550	2	1275	3,644	393.76	6,981	1.32	91.58
177	330905	2633	2	1317	2,987	390.07	6,682	1.45	123.70
178	330914	6719	5	1344	7,527	387.70	16,189	1.31	115.08
179	330915	5449	1	5449	0	273.09	0	0.00	0.00
180	330925	2465	1	2465	0	289.32	0	0.00	0.00
181	330930	4422	5	884	12,872	428.08	20,327	1.74	57.92
182	330938	9812	4	2453	0	290.38	0	0.00	0.00
183	330942	2982	5	596	12,111	453.69	17,994	1.96	48.58
184	330943	3968	2	1984	0	331.54	0	0.00	0.00
185	330944	10461	2	5231	0	273.09	0	0.00	0.00
186	330945	3169	2	1585	907	366.55	4,005	0.98	341.57
187	330946	1281	2	641	4,942	449.40	7,386	1.98	49.45
188	330949	2895	1	2895	0	273.09	0	0.00	0.00
189	330951	3003	1	3003	0	273.09	0	0.00	0.00
190	330955	11570	1	11570	0	273.09	0	0.00	0.00
191	330960	4614	6	769	15,493	438.17	23,731	1.83	53.17
192	330962	4999	4	1250	7,540	395.95	14,279	1.37	89.38
193	330966	7891	8	986	20,177	419.12	32,443	1.51	60.79
194	330967	4259	1	4259	0	273.09	0	0.00	0.00
195	330968	7979	1	7979	0	273.09	0	0.00	0.00
196	330970	6829	5	1366	7,352	385.77	15,740	1.24	114.09
197	330971	6557	6	1093	14,038	409.73	23,623	1.46	68.28
198	340976	4576	13	352	37,317	495.77	39,647	0.78	6.24
199	340983	1832	2	916	5,066	425.27	8,142	1.80	60.72
200	340990	258	1	258	2,533	511.98	2,497	0.01	-1.42
201	340993	695	1	695	2,534	444.66	3,819	1.91	50.71
202	340998	758	1	758	2,592	439.13	3,938	2.05	51.93
203	341016	8251	2	4126	0	273.09	0	0.00	0.00
204	341017	1370	1	1370	980	385.42	3,132	1.63	219.59
205	341021	99	1	99	1,282	539.40	1,128	-1.05	-12.01
206	341024	2623	7	375	20,265	491.80	22,075	0.91	8.93
207	341029	1573	2	787	5,170	436.59	7,956	1.78	53.89
208	341041	95	1	95	1,345	540.09	1,086	-0.91	-19.26
209	341046	164	1	164	1,941	528.19	1,753	-0.53	-9.69
210	341050	3952	1	3952	0	273.09	0	0.00	0.00
211	341053	4233	2	2117	0	319.86	0	0.00	0.00
212	341054	4758	13	366	37,463	493.35	40,504	0.77	8.12
213	341062	647	1	647	2,484	448.87	3,709	1.98	49.32
214	341075	578	1	578	2,450	456.79	3,600	2.06	46.94
215	341086	576	1	576	2,478	457.14	3,600	1.99	45.28
216	341087	821	1	821	2,590	433.60	4,019	1.87	55.17

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
217	341092	100	1	100	1,250	539.22	1,138	-1.12	-8.96
218	351097	386	1	386	2,896	489.90	3,203	0.81	10.60
219	351098	342	1	342	2,837	497.49	3,000	0.57	5.75
220	351101	831	1	831	2,592	432.73	4,029	1.74	55.44
221	351107	357	1	357	2,837	494.90	3,074	0.41	8.35
222	351108	187	1	187	2,135	524.22	1,953	-0.34	-8.52
223	351112	1126	3	375	8,674	491.80	9,476	0.83	9.25
224	351113	1703	1	1703	0	356.20	1,198	0.70	100.00
225	351114	454	1	454	2,846	478.18	3,434	1.44	20.66
226	351115	3143	4	786	10,352	436.68	15,912	1.82	53.71
227	351118	1949	2	975	5,117	420.09	8,115	1.40	58.59
228	351119	483	1	483	2,827	473.18	3,503	1.29	23.91
229	351121	151	1	151	1,752	530.43	1,635	-0.77	-6.68
230	351125	6279	3	2093	0	321.97	0	0.00	0.00
231	351126	216	2	108	2,690	537.84	2,439	-1.05	-9.33
232	351130	888	1	888	2,571	427.72	4,065	1.74	58.11
233	351133	869	4	217	9,475	519.05	8,793	-0.06	-7.20
234	351134	779	1	779	2,582	437.29	3,969	1.78	53.72
235	351136	644	1	644	2,493	449.14	3,703	2.02	48.54
236	351137	670	2	335	5,710	498.70	5,928	0.81	3.82
237	351139	1592	4	398	11,613	487.83	13,003	1.13	11.97
238	351141	825	1	825	2,589	433.25	4,023	1.86	55.39
239	351146	392	1	392	2,903	488.87	3,227	1.01	11.16
240	351147	1061	1	1061	2,309	412.54	3,984	1.67	72.54
241	351149	292	1	292	2,701	506.11	2,719	0.31	0.67
242	351150	672	1	672	2,521	446.68	3,766	1.97	49.39
243	351152	1443	2	722	5,175	442.29	7,744	2.12	49.64
244	351153	775	1	775	2,583	437.64	3,964	1.82	53.46
245	351157	735	2	368	5,771	493.01	6,241	0.81	8.14
246	351160	1405	2	703	4,798	443.96	7,667	1.49	59.80
247	351162	1545	2	773	5,155	437.82	7,917	1.77	53.58
248	351166	832	1	832	2,591	432.64	4,030	1.80	55.54
249	351168	1916	7	274	18,317	509.22	18,211	0.14	-0.58
250	351169	487	1	487	2,702	472.49	3,511	2.01	29.94
251	351171	2104	1	2104	0	321.00	0	0.00	0.00
252	351172	2476	4	619	9,730	451.33	14,575	2.00	49.79
253	351173	2633	4	658	9,940	447.91	14,936	1.92	50.26
254	351174	1271	3	424	8,698	483.35	10,025	1.04	15.26
255	351175	448	1	448	2,874	479.21	3,418	1.23	18.93
256	351176	741	1	741	2,576	440.63	3,910	1.91	51.79
257	351177	1741	4	435	11,553	481.45	13,526	1.17	17.08
258	351179	355	1	355	2,862	495.25	3,064	0.66	7.06
259	351187	1446	2	723	5,109	442.20	7,753	1.87	51.75
260	351188	588	1	588	2,431	455.07	3,599	2.01	48.05
261	351189	996	2	498	5,393	470.59	7,062	1.92	30.95
262	351191	625	1	625	2,455	450.81	3,659	2.02	49.04
263	351195	2267	4	567	10,010	458.69	14,388	2.01	43.74
264	351199	504	1	504	2,727	469.55	3,541	1.68	29.85
265	351202	775	1	775	2,587	437.64	3,964	1.86	53.23
266	351203	880	1	880	2,578	428.43	4,062	1.72	57.56
267	351205	1876	2	938	5,019	423.34	8,142	1.78	62.22
268	351206	447	2	224	4,734	517.84	4,489	-0.14	-5.18
269	351209	1434	3	478	8,457	474.04	10,477	1.40	23.89
270	351212	3601	1	3601	0	273.09	0	0.00	0.00

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
271	351213	366	1	366	2,881	493.35	3,116	0.77	8.16
272	351217	1003	3	334	8,534	498.87	8,884	0.72	4.10
273	351220	1999	2	1000	4,920	417.89	8,085	1.63	64.33
274	351222	757	1	757	2,547	439.22	3,937	1.67	54.57
275	351223	331	1	331	2,814	499.39	2,943	0.52	4.58
276	351225	2048	4	512	10,897	468.17	14,211	1.61	30.41
277	351228	288	1	288	2,716	506.80	2,694	0.42	-0.81
278	351230	2304	3	768	7,556	438.26	11,861	1.51	56.97
279	351232	682	1	682	2,812	445.80	3,790	-0.30	34.78
280	351235	624	1	624	2,459	450.89	3,656	2.03	48.68
281	351237	1546	4	387	11,606	489.73	12,811	0.97	10.38
282	351238	322	1	322	2,845	500.94	2,894	0.86	1.72
283	351239	696	2	348	5,704	496.46	6,060	0.64	6.24
284	351241	889	1	889	2,564	427.64	4,065	1.78	58.54
285	351242	768	1	768	2,586	438.26	3,954	1.89	52.90
286	351243	101	1	101	1,282	539.05	1,148	-1.08	-10.45
287	351245	470	1	470	2,822	475.42	3,474	1.46	23.10
288	351246	865	2	433	5,756	481.80	6,739	1.34	17.08
289	351247	949	4	237	9,947	515.60	9,398	0.08	-5.52
290	351248	2428	2	1214	4,111	399.11	7,351	1.33	78.81
291	351250	679	1	679	2,523	446.07	3,783	1.95	49.94
292	351251	2218	3	739	7,714	440.80	11,724	1.89	51.98
293	351252	5385	1	5385	0	273.09	0	0.00	0.00
294	351257	921	1	921	2,548	424.83	4,071	1.71	59.77
295	351259	2646	7	378	20,278	491.28	22,183	0.92	9.39
296	351260	9303	3	3101	0	273.09	0	0.00	0.00
297	351261	1420	4	355	11,544	495.25	12,257	0.96	6.18
298	351262	664	1	664	2,477	447.38	3,746	1.87	51.23
299	351263	1952	1	1952	0	334.34	0	0.00	0.00
300	351264	816	2	408	5,803	486.11	6,577	1.14	13.34
301	351265	247	1	247	2,507	513.87	2,419	0.04	-3.51
302	351266	277	1	277	2,661	508.70	2,624	0.30	-1.39
303	351269	522	1	522	2,655	466.45	3,566	1.88	34.31
304	351270	314	1	314	2,775	502.32	2,849	0.46	2.67
305	351271	2038	1	2038	0	326.80	0	0.00	0.00
306	351273	853	1	853	2,585	430.80	4,047	1.79	56.56
307	351274	1847	1	1847	0	343.56	34	0.02	100.00
308	351275	230	1	230	2,364	516.80	2,295	-0.21	-2.92
309	351276	1364	2	682	4,932	445.80	7,579	1.75	53.67
310	351277	535	1	535	2,649	464.21	3,580	1.77	35.15
311	351278	1075	1	1075	2,569	411.31	3,965	0.87	54.34
312	351280	400	1	400	2,902	487.49	3,259	1.17	12.30
313	351282	1334	4	334	11,265	498.87	11,816	0.50	4.89
314	351283	480	1	480	2,788	473.69	3,496	1.58	25.39
315	351284	840	1	840	2,586	431.94	4,037	1.84	56.11
316	351285	1134	2	567	5,005	458.69	7,197	2.01	43.80
317	351291	1785	4	446	11,510	479.56	13,657	1.21	18.65
318	351292	509	2	255	5,701	512.49	4,942	1.62	-13.31
319	351293	1272	2	636	4,949	449.84	7,369	2.01	48.90
320	351294	566	1	566	2,513	458.86	3,598	1.98	43.18
321	351295	1079	1	1079	2,296	410.96	3,959	1.60	72.43
322	351297	2513	7	359	19,676	494.56	21,583	0.19	9.69
323	351298	12684	5	2537	0	283.00	0	0.00	0.00
324	351301	1006	3	335	7,628	498.70	8,900	-0.78	16.68

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
325	351302	1351	1	1351	1,409	387.09	3,211	1.37	127.89
326	351303	662	2	331	5,693	499.39	5,885	0.77	3.37
327	351304	1025	1	1025	2,444	415.70	4,024	1.55	64.65
328	351305	835	1	835	2,561	432.38	4,033	1.37	57.48
329	351306	2747	2	1374	5,157	385.07	6,227	-0.63	20.75
330	351307	198	1	198	2,171	522.32	2,044	-0.37	-5.85
331	351308	397	1	397	2,903	488.01	3,247	1.15	11.85
332	351309	487	1	487	2,856	472.49	3,511	1.00	22.93
333	351310	592	1	592	2,416	454.38	3,598	2.15	48.92
334	351319	3351	6	559	16,212	460.07	21,556	1.24	32.96
335	351320	649	1	649	2,497	448.70	3,714	2.01	48.74
336	351322	557	1	557	2,526	460.41	3,595	2.03	42.32
337	351324	1260	2	630	4,905	450.37	7,341	1.99	49.66
338	351326	845	1	845	2,583	431.50	4,041	1.84	56.45
339	351328	5117	16	320	44,844	501.28	46,096	0.56	2.79
340	351329	1457	1	1457	880	377.79	2,728	1.29	210.00
341	351331	5445	6	908	15,375	425.97	24,407	1.70	58.74
342	351332	4156	2	2078	0	323.29	0	0.00	0.00
343	351334	3970	8	496	22,031	470.93	28,233	1.61	28.15
344	351335	358	1	358	2,845	494.73	3,078	0.47	8.19
345	351336	2054	1	2054	0	325.39	0	0.00	0.00
346	351337	7241	16	453	45,666	478.35	54,853	1.38	20.12
347	351342	246	1	246	2,614	514.05	2,412	0.44	-7.73
348	351343	704	1	704	2,563	443.87	3,838	2.01	49.75
349	351344	1085	3	362	8,603	494.04	9,283	0.64	7.90
350	351405	2183	7	312	19,088	502.66	19,854	0.22	4.01
351	351424	1043	3	348	8,513	496.46	9,082	0.51	6.68
352	361337	866	4	217	9,165	519.05	8,763	-0.27	-4.39
353	361347	3674	3	1225	6,065	398.15	10,932	1.32	80.25
354	361348	72	1	72	923	544.05	841	-1.32	-8.88
355	361353	1376	1	1376	1,786	384.90	3,107	0.88	73.96
356	361356	4899	5	980	12,615	419.65	20,282	1.53	60.78
357	361358	7746	7	1107	15,572	408.50	27,391	1.59	75.90
358	361362	9018	2	4509	0	273.09	0	0.00	0.00
359	361365	323	1	323	2,674	500.77	2,899	-0.15	8.41
360	361372	226	1	226	2,339	517.49	2,265	-0.24	-3.16
361	361373	10289	10	1029	23,934	415.35	40,201	1.65	67.97
362	361375	10734	11	976	27,405	420.00	44,643	1.66	62.90
363	361380	319	1	319	2,816	501.46	2,877	0.66	2.17
364	361381	253	1	253	2,501	512.84	2,462	-0.04	-1.56
365	361384	295	1	295	2,723	505.60	2,737	0.38	0.51
366	361389	1175	4	294	10,758	505.77	10,915	0.23	1.46
367	361390	2154	7	308	19,164	503.35	19,683	0.31	2.71
368	361396	3457	4	864	10,351	429.83	16,219	1.70	56.69
369	361401	1606	10	161	18,583	528.70	17,220	-0.67	-7.33
370	361403	783	1	783	2,587	436.94	3,975	1.83	53.65
371	361404	1057	2	529	5,350	465.24	7,141	1.70	33.48
372	361405	622	3	207	6,811	520.77	6,361	-0.22	-6.61
373	361408	2057	3	686	7,446	445.45	11,391	1.78	52.98
374	361409	13440	1	13440	0	273.09	0	0.00	0.00
375	361412	4768	3	1589	0	366.20	5,936	1.24	100.00
376	361413	2116	4	529	10,637	465.24	14,296	1.78	34.40
377	361419	338	1	338	2,835	498.18	2,979	0.60	5.08
378	361422	1849	1	1849	0	343.38	16	0.01	100.00

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
379	361423	919	1	919	2,575	425.00	4,071	1.56	58.10
380	361424	821	2	411	5,805	485.59	6,591	1.06	13.54
381	361425	1750	1	1750	0	352.07	839	0.48	100.00
382	361426	662	2	331	5,736	499.39	5,885	0.98	2.60
383	361427	39209	1	39209	0	273.09	0	0.00	0.00
384	361430	11197	8	1400	11,013	382.79	24,001	1.16	117.93
385	361431	2896	4	724	10,234	442.12	15,515	1.89	51.60
386	361437	582	1	582	2,401	456.10	3,599	2.17	49.90
387	361439	1019	3	340	8,554	497.84	8,961	0.72	4.76
388	361440	2195	4	549	10,196	461.79	14,356	2.03	40.80
389	361443	13204	9	1467	9,937	376.91	24,097	1.07	142.50
390	361448	2003	1	2003	0	329.87	0	0.00	0.00
391	361450	4989	6	832	15,523	432.64	24,165	1.86	55.67
392	361472	7874	10	787	25,870	436.59	39,824	1.81	53.94
393	361474	536	1	536	2,578	464.04	3,581	2.06	38.91
394	361475	4880	9	542	23,665	463.00	32,286	1.78	36.43
395	361476	511	1	511	2,715	468.35	3,552	1.68	30.83
396	361479	19474	3	6491	0	273.09	0	0.00	0.00
397	361482	15455	4	3864	0	273.09	0	0.00	0.00
398	361485	1330	2	665	5,035	447.30	7,498	1.99	48.92
399	361487	1709	1	1709	0	355.67	1,153	0.67	100.00
400	361494	1157	1	1157	2,262	404.12	3,817	1.29	68.74
401	361495	786	2	393	5,777	488.70	6,463	1.61	11.87
402	361499	2760	1	2760	0	273.09	0	0.00	0.00
403	361500	32	1	32	529	550.95	388	-1.44	-26.65
404	361502	2483	2	1242	3,809	396.66	7,188	1.38	88.71
405	361505	6474	18	360	52,036	494.39	55,533	0.98	6.72
406	361507	1892	1	1892	0	339.61	0	0.00	0.00
407	361508	1204	1	1204	1,947	399.99	3,703	1.51	90.19
408	361510	1512	5	302	13,478	504.39	13,915	0.18	3.24
409	361512	185	1	185	2,045	524.56	1,936	-0.53	-5.33
410	361515	2295	1	2295	0	304.24	0	0.00	0.00
411	361654	1705	3	568	7,497	458.52	10,803	2.01	44.10
412	371530	1657	5	331	14,081	499.39	14,731	0.53	4.62
413	371532	3094	15	206	33,626	520.94	31,674	-0.28	-5.81
414	371555	6495	9	722	22,982	442.29	34,855	1.87	51.66
415	371556	1638	1	1638	0	361.90	1,658	1.01	100.00
416	371561	782	1	782	2,589	437.03	3,974	1.87	53.50
417	371562	1367	3	456	8,398	477.83	10,311	1.77	22.78
418	371563	1247	2	624	4,933	450.89	7,306	2.06	48.10
419	371565	687	2	344	5,680	497.15	6,011	0.58	5.83
420	371581	1970	2	985	4,989	419.21	8,109	1.60	62.54
421	371582	1106	1	1106	2,133	408.59	3,916	1.73	83.59
422	371590	98	1	98	1,239	539.57	1,117	-1.12	-9.85
423	381509	343	2	172	3,891	526.81	3,637	-0.61	-6.53
424	381601	48	1	48	643	548.19	573	-1.46	-10.89
425	381614	1581	5	316	13,760	501.97	14,311	0.30	4.00
426	381615	2114	4	529	10,744	465.24	14,282	1.65	32.93
427	381622	981	2	491	5,497	471.80	7,030	1.69	27.89
428	381623	231	1	231	2,358	516.63	2,303	-0.24	-2.33
429	381625	5434	15	362	42,352	494.04	46,493	0.25	9.78
430	381631	3837	10	384	28,967	490.25	31,920	0.85	10.19
431	381638	1121	3	374	8,650	491.97	9,446	0.71	9.20
432	383303	44931	25	1797	0	347.95	11,518	0.26	100.00

Appendix E
2004 Average Schedule USF Study
Comparison of Current and Pending Monthly USF Cost per Loop Model Payments

Obs	Study Area Code	Loops	Exch	Loops per Exch	Current Payments	Pending Cost per Loop	Monthly Payment (Fund Cap Appl.)	Per Loop Payment Difference	Payment Percent Difference
433	391640	1663	3	554	7,628	460.93	10,787	2.00	41.41
434	391642	3061	5	612	12,090	451.95	18,137	2.00	50.02
435	391649	1482	1	1482	975	375.59	2,599	1.10	166.56
436	391650	14108	1	14108	0	273.09	0	0.00	0.00
437	391653	408	1	408	2,900	486.11	3,289	0.68	13.41
438	391654	14762	26	568	65,022	458.52	93,531	2.00	43.85
439	391657	6889	5	1378	7,438	384.72	15,487	1.17	108.21
440	391660	6494	8	812	20,734	434.39	32,071	1.81	54.68
441	391664	4035	14	288	37,411	506.80	37,741	0.22	0.88
442	391669	2179	6	363	17,289	493.87	18,620	0.80	7.70
443	391671	2702	1	2702	0	273.09	0	0.00	0.00
444	391674	2193	8	274	20,573	509.22	20,844	-0.02	1.32
445	391677	5999	8	750	20,424	439.84	31,397	1.73	53.73
446	391682	440	2	220	4,685	518.53	4,438	-0.17	-5.27
447	391684	1819	2	910	5,071	425.79	8,136	1.82	60.44
448	391688	1159	3	386	8,643	489.90	9,616	0.55	11.26
449	401704	1860	1	1860	0	342.42	0	0.00	0.00
450	401710	1090	2	545	5,223	462.48	7,176	1.83	37.39
451	401712	7580	8	948	20,369	422.46	32,536	1.59	59.73
452	401722	4807	8	601	19,345	452.91	28,771	2.06	48.73
453	411791	439	1	439	2,903	480.76	3,392	0.68	16.84
454	421206	1210	4	303	10,991	504.22	11,123	0.42	1.20
455	421759	2791	6	465	17,089	476.28	20,782	1.31	21.61
456	421860	375	1	375	2,889	491.80	3,156	0.79	9.24
457	421876	208	1	208	2,288	520.60	2,125	-0.18	-7.12
458	421893	642	1	642	2,452	449.31	3,698	1.92	50.82
459	421900	1641	4	410	11,602	485.76	13,191	1.15	13.70
460	421932	1555	1	1555	829	369.19	2,188	0.86	163.93
461	421936	536	1	536	2,720	464.04	3,581	1.38	31.65
462	421942	2028	3	676	7,431	446.33	11,327	1.81	52.43
463	431704	1483	1	1483	975	375.51	2,594	1.09	166.05
464	431968	1936	1	1936	0	335.75	0	0.00	0.00
465	432141	729	3	243	7,295	514.56	7,172	-0.16	-1.69
466	442038	1496	1	1496	714	374.36	2,524	1.22	253.50
467	442043	935	2	468	5,632	475.76	6,932	1.53	23.08
468	442107	8072	1	8072	0	273.09	0	0.00	0.00
469	462198	955	1	955	2,542	421.84	4,067	1.57	59.99
470	462206	81	1	81	1,005	542.50	938	-1.30	-6.67
471	462210	68	1	68	864	544.74	797	-1.37	-7.75
472	472227	1722	5	344	13,943	497.15	15,068	0.21	8.07
473	482252	4049	2	2025	0	327.94	0	0.00	0.00
474	502279	1711	1	1711	0	355.50	1,138	0.67	100.00
475	502282	1704	1	1704	97	356.11	1,190	0.64	1126.80
476	502283	1676	3	559	7,506	460.07	10,781	2.09	43.63
477	522430	4597	3	1532	2,696	371.21	6,970	0.92	158.53
478	532386	2037	1	2037	0	326.89	0	0.00	0.00
479	532391	1524	1	1524	650	371.91	2,369	1.14	264.46
480	532396	653	1	653	2,493	448.35	3,722	1.97	49.30
481	532399	7921	1	7921	0	273.09	0	0.00	0.00
482	613005	49	1	49	567	548.02	585	-1.56	3.17
483	613026	188	1	188	2,053	524.05	1,961	-0.55	-4.48
	Total:				2,388,627		3,314,842		